

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 211 amends section 13-3403 of the Property Tax Growth Limitation Act.

The bill provides that in addition to the preliminary property tax request authority, the political subdivision's (county, city, or village) property tax request authority may be increased as follows:

- If public safety services as defined in section 13-320 account for 20% or more of the amount of the political subdivision's budget funded by property taxes, such political subdivision's property tax request authority may be increased by:
 - The product of the amount of property taxes levied in the prior year, less the sum of exceptions utilized in the prior year pursuant to subdivisions (1) and (2) of section 13-3404 and the political subdivision's growth percentage; and
 - The product of the amount of property taxes levied in the prior year, less the sum of exceptions utilized in the prior year pursuant to subdivisions (1) and (2) of section 13-3404 and the greater of zero or the inflation percentage
- If public safety services as defined in section 13-320 account for less than 20% of the amount of the political subdivision's budget funded by property taxes, such political subdivision's property tax request authority may be increased by:
 - The product of the amount of property taxes levied in the prior year, less the sum of exceptions utilized in the prior year pursuant to subdivisions (1) and (2) of section 13-3404 and the political subdivision's growth percentage; and
 - The product of the amount of property taxes levied in the prior year, less the sum of exceptions utilized in the prior year pursuant to subdivisions (1) and (2) of section 13-3404 and the greater of 2% or the inflation percentage.

The bill contains the emergency clause.

The Auditor of Public Accounts estimates that it can handle changes under this bill within current resources. There is no basis to disagree with this estimate.

The Department of Revenue estimates no impact on General Fund revenues and no costs to it as result of the bill. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 211	AM:	AGENCY/POLT. SUB: Nebraska Auditor of Public Accounts	
REVIEWED BY: Ryan Yang		DATE: 1/16/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska Auditor of Public Accounts assessment of manageable fiscal impact from LB 211.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 211	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Ryan Yang	DATE: 3/3/2025	PHONE: (402) 471-4178
COMMENTS: Concur with the Department of Revenue assessment of no fiscal impact from LB 211.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 211	AM:	AGENCY/POLT. SUB: Lancaster County, Nebraska
REVIEWED BY: Ryan Yang	DATE: 1/23/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Lancaster County, Nebraska assessment of fiscal impact from LB 211.		

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County, Nebraska

Prepared by: ⁽³⁾ Dennis Meyer

Date Prepared: ⁽⁴⁾ 1/21/2025

Phone: ⁽⁵⁾ 402-441-6869

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

LB34, recently passed during a special session, has yet to be fully implemented, and its effects have not been realized or analyzed in practice. While LB34 introduces mechanisms for property tax growth limitations and adjustments tied to growth and inflation percentages, the real-world financial impact on Lancaster County remains uncertain until it is actualized and operational.

LB211 appears to be similar in intent and structure, specifically addressing property tax flexibility. However, one critical distinction is that under LB211, counties allocating 20% or more of their budgets to public safety services would have a different percentage the property taxes could be increased by versus counties below 20%.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 211

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/16 /2025 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB211 would adjust the provisions related to a political subdivision's preliminary tax authority. It would also allow for certain increases to the political subdivision's preliminary property tax authority. Those political subdivisions with less than 20% of their budget devoted to public safety would be allowed a property tax levy cap of the greater of 2% or the inflation percentage.

According to county budget data obtained from the state auditor's website, in 2023-24, 81 counties had public safety account for less than 20% of their budgets (Adams, Arthur, Banner, Blaine, Boone, Box Butte, Boyd, Brown, Buffalo, Burt, Butler, Cass, Cedar, Chase, Cherry, Cheyenne, Clay, Colfax, Cuming, Custer, Dawes, Dawson, Deuel, Dixon, Dundy, Fillmore, Franklin, Frontier, Furnas, Gage, Garden, Garfield, Grant, Greeley, Hamilton, Harlan, Hayes, Hitchcock, Holt, Hooker, Howard, Jefferson, Johnson, Kearney, Keya Paha, Kimball, Knox, Lincoln, Logan, Loup, Madison, McPherson, Merrick, Morrill, Nance, Nuckolls, Otoe, Pawnee, Perkins, Phelps, Pierce, Platte, Polk, Red Willow, Richardson, Rock, Saline, Sarpy, Seward, Sheridan, Sherman, Sioux, Stanton, Thayer, Thomas, Thurston, Valley, Wayne, Webster, Wheeler, and York).

Of these 81 counties, every single county had at least one annual property tax request increase of more than 2% since 2014, and 79 had at least one annual property tax request increase of more than the inflation percentage (State and Local Consumption Expenditures and Gross Investment (SLCE)) in any one year since 2014.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:				
Approved by: James R. Kamm		Date Prepared: 02/28/2025		Phone: 471-5896				
	<u>FY 2025-2026</u>			<u>FY 2026-2027</u>			<u>FY 2027-2028</u>	
	<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>
General Funds		\$ 0			\$ 0			\$ 0
Cash Funds								
Federal Funds								
Other Funds								
Total Funds		\$ 0			\$ 0			\$ 0

Currently Neb. Rev. Stat. § 13-3403 limits a political subdivision's ability to increase its property tax request authority by its preliminary property tax request authority. The preliminary property tax request authority is equal to the amount of property taxes levied by each political subdivision in the prior fiscal year, less the sum of exceptions used in the prior year for the amount of property taxes budgeted for approved bonds and need to respond to an emergency in the prior year.

On top of the preliminary property tax request authority, the political subdivision's property tax request authority can be increased by the product of (a) the amount of property taxes levied in the prior year increased by the political subdivision's growth percentage, less the sum of exemptions listed above and (b) the greater of zero or the inflation percentage.

LB 211 would amend this calculation by changing how a political subdivision's property tax request authority can be increased in addition to its preliminary property tax request authority.

LB 211 removes the prior provision and amends it by calculating the political subdivision's increase to its property tax request authority as follows:

- For political subdivisions where public safety services are 20% or more of the subdivisions budget from property taxes, the increase is added to:
 - I) by the product of (a) the amount of property taxes levied in the prior year less the sum of exceptions used in the prior year for the amount of property taxes needed for public safety, approved bonds, voter approved increases etc. and (b) the growth percentage of the political subdivision and
 - II) by the product of (a) the amount of property taxes levied in the prior year less the sum of exceptions used in the prior year for the amount of property taxes needed for public safety, approved bonds, voter approved increases etc. and (b) the greater of zero or the inflation percentage.
- For political subdivisions where public safety services are less than the subdivisions budget from property taxes, the increase is calculated the same way except the second product is multiplied by the greater of 2% or the inflation percentage. This ensures a larger product to add to the increase of the property tax request authority for these political subdivisions.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>25-26 FTE</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>25-26 Expenditures</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....							

The bill contains an emergency clause and becomes law upon enactment.

It is estimated that LB 211 will have no impact on General Fund revenues.

It is estimated that there will be no cost to the Department of Revenue to implement this bill.

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Auditor of Public Accounts

Prepared by: ⁽³⁾ Craig Kubicek

Date Prepared: ⁽⁴⁾ 1/15/2025

Phone: ⁽⁵⁾ 402-326-3063

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$0		\$0	
CASH FUNDS	\$0		\$0	
FEDERAL FUNDS	\$0		\$0	
OTHER FUNDS	\$0		\$0	
TOTAL FUNDS	\$0		\$0	

Explanation of Estimate:

If passed, we will handle such changes within our current resources.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				