

## LB 1114 FISCAL NOTE

Doug Nichols, Tom Bergquist, and Don Yelick  
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Revised to include impacts of General File amendments.

|         | FY 1996-97   |         | FY 1997-98   |         |
|---------|--------------|---------|--------------|---------|
|         | Expenditures | Revenue | Expenditures | Revenue |
| GENERAL |              |         |              |         |
| CASH    |              |         |              |         |
| FEDERAL |              |         |              |         |
| OTHER   |              |         |              |         |
| TOTAL   | \$0          | \$0     | \$0          | \$0     |

This bill provides for property tax levies on political subdivisions as specified, and has an operative date of July 1, 1998.

When the levy limb Imposed by this bill become operative, then this bill could increase state General Fund income tax revenues by an estimated \$12.94 million because property taxes are currently deductible against Nebraska state income taxes, and It is estimated that the levy limb in this bill could result in a reduction of property taxes of \$290.8 million. Therefore, taxpayers who itemize their deductions could have less to deduct under the provisions of this bill which could result in the aforementioned additional state income tax revenues, plus an estimated Increase in federal income tax liability of \$60.7 million. This estimate is based on an analysis of aggregate totals and simple percentages rather than detailed distributional data.

The Department of Revenue estimates minimal implementation costs.

Impact on Local Subdivisions: The initial levy limits in this bill could reduce property taxes by an estimated \$290.8 million, which is a 18.4% reduction statewide. This could be offset by \$50.8 million of tax revenues which could be generated under the levy allowance for Interlocal Cooperation Act agreements, yielding a net reduction of \$240.1 million, or 15.1%. This impact may vary between subdivisions and could impact the measure of wealth for purposes of state aid to school distributions.

It has been the Legislature's intent that all revenue associated the enactment of LB 1059, 1990, be dedicated to the Tax Equity and Educational Opportunity Act (state aid to schools). Because less property taxes can be deducted from state income taxes under the provisions of this bill, it is estimated that state General Fund income tax revenues could increase by an estimated \$12.94 million of which approximately by \$1.9 million could be used for school aid, consistent with legislative intent