

LB 1114 FISCAL NOTE

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Revised to include the impacts of General and Select File amendments. and also to include additional information.

	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 limits 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 limits 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. Because of the amendments adopted on Select File that excluded certain items from the levy limitation, the amount of the property tax reduction will probably be less than the estimated reduction of \$290.8 million.

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 (stale 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 \$1.9 million could be used for school aid, consistent with legislative intent.

AM4265, adopted on Select File, authorized subdivisions to create the council on public improvements and services. Subdivisions could have increased expenditures under this provision of the bill for such items as travel, food, lodging, and for materials to keep a public record of such meetings. It is unknown how many, if any, of these councils will be created, or how much such councils will spend. The amount of increased expenditures will probably be minimal.