PREPARED BY: Doug Gibbs
DATE PREPARED: May 01, 2015
PHONE: 402-471-0051

LB 414

Revision: 01

FISCAL NOTE

Revised to include additional information.

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	15-16	FY 2016-17					
	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 414 amends Nebraska Revised Statutes Section 44-1095 to provide that the property of a society organized or licensed under Sections 44-1072 to 44-10,109 is exempt from property tax.

Section 44-1072 defines fraternal benefit society as any incorporated society, order, or supreme lodge, without capital stock, including one exempted under subdivision (1)(b) of Section 44-10,109 whether incorporated or not, conducted solely for the benefit of its members and their beneficiaries and not for profit, operated on a lodge system with ritualistic form of work, having a representative form of government, and which provides benefits in accordance with Sections 44-1072 to 44-10,109, is hereby declared to be fraternal benefit society.

The bill has an operative date of January 1, 2016.

The Department of Revenue indicates no cost to the Department to implement LB 414.

We agree with the Department of Revenue's estimate of cost.

NOTE: Under current law, property owned by a charitable organization is exempt from property tax if the property is owned and used exclusively for charitable purposes.

The changes proposed by LB 414 will increase the amount necessary to fund state aid in the Tax Equity and Educational Opportunities Support Act (TEEOSA) and will be an expenditure from the General Fund as follows:

FY2015-16: \$ 0 FY2016-17: \$ 0 FY2017-18: \$ 292,000 FY2018-19: \$ 292.000

IMPACT TO LOCAL POLITICAL SUBDIVISIONS:

The City of Omaha estimates a loss to the city's general fund of \$309,098 each year.

The Nebraska Association of County Officials indicates an indeterminate loss of revenue to counties where these organizations are located.

We have no basis to disagree with the City of Omaha or the Nebraska Association of County Officials.

LB 414 Fiscal Note 2015

		State Agency	Estimate			_
State Agency Name: Departmen	nt of Revenue				Date Due LFA:	3/3/2015
Approved by: Len Sloup		Date Prepared:	3/3/2015		Phone: 471-5896	
FY 2015-2016 FY 2016-2017 FY 2017-2018						
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$ 0		\$ 0		\$ 0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$ 0		\$ 0		\$ 0
Total Fullus		\$ 0		\$ 0		

LB 414 includes property tax in the general exemption from taxes provided by Neb. Rev. Stat. § 44-1095.

LB 414 would also amend § 77-202 to include fraternal benefit societies in the definition of charitable organization.

Under current law, property owned by a charitable organization is exempt from property tax if the property is owned and used exclusively for charitable purposes.

It is estimated that this bill will have no impact on General Fund revenues.

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

Major Objects of Expenditure								
Class Code	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 Expenditures	16-17 Expenditures	17-18 Expenditures	
Benefits								
Operating Costs								
Travel								

Capital Outlay		
Aid		
Capital Improvements.		
Total		

LB ⁽¹⁾ 414						FISCAL NOTE		
State Agency OR I	Nebrask	Nebraska Association of County Officials (NACO)						
Prepared by: (3)	Elaine Menzel	Date Prep	ared: (4)1/	20/2015	Phone: (5)	402-434-5660		
	ESTIMATE PROV	IDED BY STATI	E AGENCY (OR POLITICAL	SUBDIVISIO)N		
	I.S.	V 2017 10			EV 2016	17		
	<u>EXPENDITURE</u>	<u>Y 2015-16</u> <u>S </u>	ENUE	EXPENDITU	<u>FY 2016</u> <u>JRES</u>	REVENUE		
GENERAL FUN	DS	<u></u>						
CASH FUNDS		<u></u>						
FEDERAL FUNI	DS							
OTHER FUNDS								
TOTAL FUNDS								
Explanation of E	stimato							
		WN BY MAJOR	OBJECTS C	OF EXPENDITU	<u>RE</u>			
Personal Services		NUMBER OF PO	SITIONS	2015-16	<u> </u>	2016-17		
POSIT	ION TITLE	15-16	<u>16-17</u>	EXPENDIT		EXPENDITURES		
Benefits								
Operating								
Travel								
Capital outlay								
Aid								
	nents							
TOTAL								

LB 414 would exempt real estate taxes and office equipment taxes from taxes for fraternal benefit societies. The impact of this legislation is unknown, but an expansion of exemptions would in turn result in a loss to the tax base causing a shift in taxes.

LB ⁽¹⁾ 41	4						FISCAL NOTE		
State Agency OR Political Subdivision Name: (2)			City of Omaha						
Prepared by:	3) Sheri Larsen	1	Date Pr	epared: ⁽⁴⁾ 0	1/22/2015	_ Phone: ⁽⁵⁾	402-444-5477		
	ESTIM	IATE PROVII	DED BY ST.	ATE AGENCY	Y OR POLITICA	L SUBDIVIS	ION		
		EV a	017.10			EV 0010	15		
	EXP	ENDITURES	<u>015-16</u> <u>RE</u>	<u>VENUE</u>	EXPENDIT	<u>FY 2016</u> URES	REVENUE		
GENERAL F	UNDS								
CASH FUNDS	<u> </u>								
FEDERAL FU	JNDS								
OTHER FUN									
TOTAL FUN									
Explanation of	of Estimate:								
	values over the						Based on stable		
			Fiscal Yea		cal Year 2017				
	General Fund	Revenue	\$(30	09,098)	\$(309,098)				
		BREAKDOW	N BY MAJO	R OBJECTS (OF EXPENDITU	TRE			
Personal Serv									
POS	SITION TITLE		MBER OF I <u>15-16</u>	POSITIONS 16-17	2015-16 EXPENDIT		2016-17 EXPENDITURES		
	· · · · · ·								
Benefits									
Operating									
Travel		• • • • • • • • • • • • • • • • • • • •							
Capital outlay	7								
	vements								
TOTAL		•••••			-				