PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs January 27, 2015 402-471-0051

LB 162

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 2015-16 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 162 amends a number of sections of Nebraska Revised Statutes dealing with tax sales of real property.

The bill amends Section 77-1807 to strike language that allows for a tax sale to be conducted in a round robin format and the language specifying how that sale is conducted. With that change, the only allowed format for the tax sale would be by public auction.

The bill also adds a requirement to the bidding process, in cases where there is no automatically accepted bid made by a land bank, that in addition to the bid including taxes, delinquent interest, and costs due on any real property, the bidder include the lowest interest rate to be received upon redemption of such real property. In other words, the successful bidder is one who bids to pay the taxes, delinquent interest, costs, and the lowest interest rate upon redemption.

The bill allows a land bank to offer to pay, instead of bidding, the amount of taxes, interest, and costs due on the real property being sold in a tax sale, and to bid an interest rate. This offer shall be treated by the county treasurer in the same manner as any other bid.

If a land bank gives an automatically accepted bid, it shall include an interest rate bid at the rate specified in Section 45-104.01, which is 14%. An automatically accepted bid must be accepted by the county treasurer.

LB 162 also forbids collusion between bidders at public auction regarding the interest rate bid and provides for penalties.

Section 77-1824 regarding the right of redemption is amended to allocate the interest received under the section as follows: a) interest at the rate bid by the purchaser shall be allocated to the purchaser or their heirs or assigns; b) any interest remaining after the allocation required by this section, which would be the difference between the interest rate paid to the purchaser and 14% (as specified in Section 45-104.01.

There appears to be no fiscal impact to the state as a result of LB 162.

The Department of Revenue indicates no cost to implement the provisions of LB 162.

We agree with the Department's estimate of cost.

IMPACT TO POLITICAL SUBDIVISIONS:

The Nebraska Association of County Officials and the Lancaster County Treasurer indicate no fiscal impact to counties.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: 162 AM: AGENCY/POLT. SUB: Lancaster County							
REVIEWED BY: Lyn Heaton DATE: 1/27/2015 PHONE: 471-4181							
COMMENTS: No	COMMENTS: No basis upon which to disagree with the Lancaster County estimate of no fiscal impact.						

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: 162 AM: AGENCY/POLT. SUB: NE Association of County Officials (NACO)							
REVIEWED BY: Lyn Heaton DATE: 1/27/2015 PHONE: 471-4181							
COMMENTS: No basis upon which to disagree with the NACO estimate of no fiscal impact.							

		State Agency	Estimate			
State Agency Name: Departmen	nt of Revenue				Date Due LFA:	
Approved by: Len Sloup		Date Prepared:	1/16/2015		Phone: 471-5896	
	FY 2015	<u>5-2016</u>	FY 201	6-2017	FY 2017	7-2018
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$ 0		\$ 0		\$ 0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$ 0		\$ 0		\$ 0
	<u> </u>					

LB 162 allows a land bank to offer to pay, instead of bidding on, the amount of taxes, interest, and costs due on real property which is being sold for the nonpayment of taxes and to bid an interest rate. This is treated the same as any other bid on the real property. Alternatively, a land bank may give an automatic bid on the real property which shall include an offer to pay the amount of taxes, interest, and costs due on the real property and an interest rate bid at the rate fixed by current law. If an automatically accepted bid is given, it must be accepted by the county treasurer regardless of any other bids on the real property.

LB 162 provides that if no land bank has given an automatically accepted bid, the person who offers to pay the amount of taxes, delinquent interest, and costs due on any real property and who bids the lowest interest rate to be received upon the redemption of such real property shall be the purchaser.

LB 162 changes provisions for determining the interest rate to be paid in case of a redemption. It also provides that the interest paid to the purchaser is the rate they bid, but the county keeps the difference between the interest bid and 14%. A provision is included to prevent the collusion of obtaining a low interest rate.

LB 162 removes the round robin format of bidding on the sale.

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

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		
Operating Costs	Benefits Operating Costs								
Travel Capital Outlay									
Aid	nts.								
Total									

LB ⁽¹⁾ 162						FISCAL NOTE		
State Agency OR 1	Political Subdivision Name: (2	Land	Lancaster County – Treasurer's Office					
Prepared by: (3)	William E. Jarrett	Date	Date Prepared: (4) Pho		hone: ⁽⁵⁾	4024417409		
	ESTIMATE PROV	IDED BY ST	TATE AGENCY	OR POLITICAL SU	BDIVISIO	ON		
	<u>F</u>	Y 2015-16			FY 2016	<u>5-17</u>		
	<u>EXPENDITUR</u>	<u>ES</u> <u>1</u>	<u>REVENUE</u>	EXPENDITURE	<u>es</u>	<u>REVENUE</u>		
GENERAL FUN	DS							
CASH FUNDS					<u></u>			
FEDERAL FUN	DS							
OTHER FUNDS	3	_	_					
TOTAL FUNDS		<u> </u>			_			
Explanation of E	Estimate:							
_		30		T				
As written, th	is fiscal note should h	ave little ii	mpact on the	Treasurer's Offic	e.			
WEJ								
Personal Service		<u>OWN BY MA</u>	JOR OBJECTS (<u>OF EXPENDITURE</u>				
		NUMBER O	F POSITIONS	2015-16		2016-17		
POSIT	TION TITLE	<u>15-16</u>	<u>16-17</u>	EXPENDITUR)	E <u>S</u>	EXPENDITURES		
					<u>—</u>			
1 0								
-								
	ments							
TOTAL								

LB (1)	162						FISCAL NOTE		
State Agency OR Political Subdivision Name: (2)			Nebi	Nebraska Association of County Officials (NACO)					
Prepared	l by: (3)	Elaine Menzel	Date	Prepared: ⁽⁴⁾	1/14/2015	Phone: (5)	402-434-5660		
		ESTIMATE PROV	VIDED BY ST	TATE AGENO	CY OR POLITIC	CAL SUBDIVISIO	ON		
		F	FY 2015-16			FY 2016	S-17		
		EXPENDITUR		<u>REVENUE</u>	EXPENI	DITURES	REVENUE		
GENERA	AL FUNI	DS	<u> </u>						
CASH FU	JNDS		<u> </u>						
FEDERA	L FUNI	os							
OTHER	FUNDS								
TOTAL	FUNDS								
Explanat									
Personal	Samicas		OWN BY MA	JOR OBJECT	TS OF EXPEND	<u>ITURE</u>			
<u>i ersonar</u>	Services	5.	NUMBER O	F POSITION	S 201	15-16	2016-17		
	POSIT	ION TITLE	<u>15-16</u>	<u>16-17</u>	EXPEN	<u>DITURES</u>	EXPENDITURES		
Benefits.									
Operatin	g								
Travel									
Capital o	utlay								
Aid									
-	-	nents							
LB 162	2 wou!	ld change provis	sions rel	lating to	sales or	real prop	erty for		

LB 162 would change provisions relating to sales or real property for nonpayment of taxes. The bill allows for bid down of the interest rate to receive upon redemption. Fourteen percent interest would still be collected from property owner upon redemption. A purchaser would receive bid down amount with the remainder being allocated to county. Additionally, round robin procedures would be stricken. No fiscal impact to counties.