

PREPARED BY: Austin Ligenza
 DATE PREPARED: December 23, 2021
 PHONE: (402)471-0050

LB 292

Revision: 01

Revised for 2022 session

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|-------------------|---------|-------------------|---------|
| | FY 2022-23 | | FY 2023-24 | |
| | 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 292 seeks to amend sections relating to the payment of real and personal property taxes. Under LB 292, county treasurers would be required to accept partial payments for current or delinquent property taxes to be held in escrow. Prior to this, county boards could pass resolutions to accept such payments, but this is removed in LB 292. County treasurers are afforded the right to require an escrow agreement as a condition for accepting the partial payment.

LB 292 becomes operative three months after adjournment.

The Department of Revenue expects no fiscal impact to the General Fund or to the Department. There is no basis to disagree with this estimate.

There is likely to be an impact to county treasurer’s offices, as well as other political subdivisions. As LB 292 requires county treasurers to accept all partial payments, rather than just those passed by resolution, there is potential for extra staffing and expenses to be needed if this creates a significant influx of payments. There could be other fees associated with holding these payments in an escrow account. Additionally, LB 292 has potential to capture property tax revenue that was not being collected beforehand, which would create revenue gains for all political subdivisions that levy property taxes.

The estimates provided are from the 2021 session.

| | | | |
|--|------------------|---|--|
| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
| LB: 292 | AM: | AGENCY/POLT. SUB: Department of Revenue | |
| REVIEWED BY: Lee Will | DATE: 02/12/2021 | PHONE: (402) 471-4175 | |
| COMMENTS: Concur with the Department of Revenue’s assessment of no fiscal impact to the State. | | | |

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

2021

LB292⁽¹⁾ Change provisions relating to partial payments of property taxes

FISCAL NOTE

State Agency OR Political Subdivision Name: (2) DOUGLAS COUNTY, NEBRASKA

Prepared by: Amy Wyman, Sr. Manager, Date Prepared: (4) 2/12/2021 Phone: (5) 402-444-4986
 Customer Information & Tax

Submitted by: Marcos San Martin,
 County Administration

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2021-22</u> | | <u>FY 2022-23</u> | |
|---------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>N/A</u> | <u>NONE</u> | <u>\$300,000</u> | <u>NONE</u> |

Explanation of Estimate:

NEGATIVE (DETRIMENTAL) FISCAL IMPACT TO DOUGLAS COUNTY

LB292 creates a new mandate to County Treasurers to accept partial property tax payments and to hold such amounts until the accumulated payments are sufficient to pay the full amount of the delinquency. The bill will result in significant additional postage, letterhead, envelopes and staff time communicating with individual taxpayers. Considering the number of taxable parcels in Douglas County (over 200,000) the mandate required by LB292 will likely cost upwards of an additional \$300,000 annually for the Douglas County Treasurer’s Office. There are also anticipated systems costs to adapt our 50+ year old mainframe legacy system or even the possibility of having to purchase a new property tax management system.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2021-22 EXPENDITURES</u> | <u>2022-23 EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|---------------------------------|---------------------------------|
| | <u>21-22</u> | <u>22-23</u> | | |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

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

2021

LB⁽¹⁾ 292

FISCAL NOTE

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

Prepared by: ⁽³⁾ Kristen Anderson Date Prepared: ⁽⁴⁾ 02/12/2021 Phone: ⁽⁵⁾ (402) 441-7409

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2021-22</u> | | <u>FY 2022-23</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | \$500,000 | | \$75,000 | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

There is a potential for delayed revenue collection for the county depending on how people use this proposed escrow account for partial payments and their ability to meet the minimum amount to cover their tax obligation.

The holding of the funds in escrow is the costliest portion of this analysis. The following is based on the assumption that people will use the partial pay and escrow option. Many components of tax collection for Lancaster County would need to be reworked to meet the potential escrow requirements. This includes but is not limited to: building into the tax system database, developing the needed reporting, creating a new county holding fund, changing the internal and web system applications, changing our contracts with the third party processors and banks, and hiring staff to manage and monitor the escrow accounts. The ongoing cost of this primarily would be personnel.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2021-22</u> | <u>2022-23</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>21-22</u> | <u>22-23</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Accounting Clerk | 1 | 1 | \$41,000 | \$42,200 |
| Benefits..... | | | \$14,500 | \$15,000 |
| Operating..... | | | \$444,500 | \$17,800 |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | | |