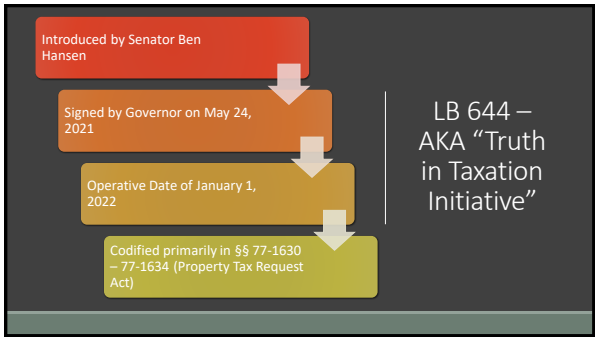
LB 644 Changes

JEFF SCHREIER, SENIOR AUDITOR-IN-CHARGE

2022 NACO Budget Workshop

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LB 644 – AKA "Truth in Taxation Initiative"

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LB 644

If a County, City, School District, or Community College increases their Property Tax Request by more than 2% plus growth, they are required to participate in a Joint Public Hearing, and provide notice of the proposed tax increase on a postcard to all affected taxpayers.

Joint Public Hearing includes every political subdivision in County that is increasing tax request above 2% plus growth

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LB 644

- Does not apply to other subdivisions, only County, City, School District, and Community College
  - Does not apply to other subdivisions that get levy authority from County/City/Village (ie. Ag Society, Fire Districts, Cemetery Districts, Airport Authorities, etc.)
- Does not apply if tax request decreases, or increases by less than 2% plus growth
- County, City, School Districts, and Community Colleges will hold **either**:
  - Special Hearing to set the Final Tax Request, as has been done in the past, if tax request does not exceed allowable growth percentage, **OR**
  - Joint Public Hearing, if tax request does exceed the allowable growth percentage

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County Responsibility

- County responsible for organizing hearing and sending out postcards, regardless of if the County's tax request increases by more than 2% plus growth
- Yes, even if County is not required to be included on postcard or participate in joint hearing – County is still responsible for sending postcard and organizing joint hearing
- Only way County will not have to organize hearing and send out postcards is if the County, School Districts, Community College, and Cities all do not increase taxes above 2% + growth

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Important Dates and Date Changes

- September 5th – Deadline for subdivisions to provide phone number and proposed tax request to Clerk
- September 10th – Deadline for Clerk to provide September 5th information to Assessor
- September 17 -28th – Joint Public Hearing held
- 10 days after hearing – Clerk provides Joint Public Hearing Report to participating subdivisions

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Important Dates and Date Changes

- September 30th – Budgets filed with County and State Auditor (Previously September 20th)
- September 30th – Interlocal Agreement Report filed with State Auditor (Previously September 20th)
- October 15th – Deadline for subdivisions to submit Property Tax Request Resolution to County Clerk (Previously October 13th)

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Important Dates and Date Changes

- October 20th – County Board set levies (Previously October 15th)
- No change to final date to make corrections to levies – still November 5th

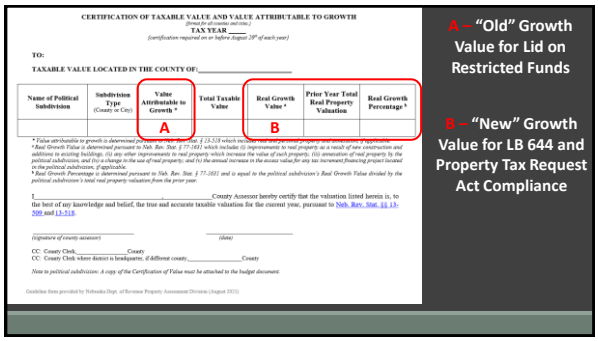
8

Allowable Growth

Allowable growth has different definition for the Property Tax Request Act than it does in other budget related statutes

County Assessor will now need to be providing this information to everyone with Valuation Certifications sent out by August 20th

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CERTIFICATION OF TAXABLE VALUE AND VALUE ATTRIBUTABLE TO GROWTH

(format for all counties and cities)

TAX YEAR _____

(certification required on or before August 20th of each year)

TO:

TAXABLE VALUE LOCATED IN THE COUNTY OF: _____

Name of Political Subdivision	Subdivision Type (County or City)	Value Attributable to Growth *	Total Taxable Value	Real Growth Value *	Prior Year Total Real Property Valuation	Real Growth Percentage *
		A		B		

* Value attributable to growth is determined pursuant to Neb. Rev. Stat. § 13-518 which includes real and personal property additions if applicable.

*Real Growth Value is determined pursuant to Neb. Rev. Stat. § 77-1601 which includes (i) improvements to real property as a result of new construction and additions to existing buildings, (ii) any other improvements to real property which increase the value of such property, (iii) annexation of real property by the political subdivision, and (iv) a change in the use of real property; and (v) the annual increase in the excess value for any tax increment financing project located in the political subdivision, if applicable.

*Real Growth Percentage is determined pursuant to Neb. Rev. Stat. § 77-3601 and is equal to the political subdivision's Real Growth Value divided by the political subdivision's total real property valuation from the prior year.

I, _____, _____ County Assessor hereby certify that the valuation listed herein is, to the best of my knowledge and belief, the true and accurate taxable valuation for the current year, pursuant to Neb. Rev. Stat. §§ 13-509 and 13-518.

_____ _____

(signature of county assessor) (date)

CC: County Clerk, _____ County

CC: County Clerk where district is headquarter, if different county: _____ County

Note to political subdivision: A copy of the Certification of Value must be attached to the budget document.

Guideline form provided by Nebraska Dept. of Revenue Property Assessment Division (August 2021)

A – "Old" Growth Value for Lid on Restricted Funds

B – "New" Growth Value for LB 644 and Property Tax Request Act Compliance

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Allowable Growth

- For purposes of the Property Tax Request Act:
  - Allowable growth percentage means a percentage equal to the sum of (a) two percent plus (b) the political subdivision's real growth percentage
  - Real growth percentage means the percentage obtained by dividing (a) the political subdivision's real growth value by (b) the political subdivision's total real property valuation from the prior year
  - Real growth value means and includes: (a) The increase in a political subdivision's real property valuation from the prior year to the current year due to (i) improvements to real property as a result of new construction and additions to existing buildings, (ii) any other improvements to real property which increase the value of such property, (iii) annexation of real property by the political subdivision, and (iv) a change in the use of real property; and (b) The annual increase in the excess value for any tax increment financing project located in the political subdivision

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Form Changes

Still working on budget form changes to address new LB 644 requirements

Anticipate new tab in budget forms to calculate whether Joint Public Hearing and postcard notification requirements apply

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Joint Public Hearing - Notice

- Notice of the Joint Public Hearing must be provided by:
  - Sending postcard to all affected taxpayers (Assessor)
  - Posting notice on the County's website (only required if County's population is more than 25,000)
  - Publishing notice in a legal newspaper of general circulation in the County (Clerk)

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Joint Public Hearing - Notice

- Each participating subdivision must provide phone # and proposed tax request to County Clerk by September 5th
  - Information will need to be provided to Clerks of all counties in which each subdivision has valuation
  - Clerk must provide this information to County Assessor by September 10th
  - APA likely to have sample form for Clerks to use to obtain this information – Sample Form only – not required

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Joint Public Hearing - Notice

- Clerk required to notify each participating subdivision of the date, time, and location of the Joint Public Hearing.

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Joint Public Hearing - Notice

- Postcard notice, website notice, and newspaper notice, must contain the following:
  - Date, time, and location of the hearing
    - Could be multiple locations – for example Community College hearing held in a different county than school district hearing
  - Listing of the telephone numbers for each participating subdivision
  - Proposed property tax request for each participating subdivisions
  - Other additional information also must be included on the postcard (Assessor)

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Postcard

- County Assessor mails postcard to same name and address as property tax statement
- Must be mailed at least 7 days prior to joint public hearing
- Postcard must also include:
  - "NOTICE OF PROPOSED TAX INCREASE" at top of postcard
  - Name of County holding joint hearing
  - The following statement:
    - The following political subdivisions are proposing a revenue increase which would result in an overall increase in property taxes in (insert current tax year). THE ACTUAL TAX ON YOUR PROPERTY MAY INCREASE OR DECREASE. This notice contains estimates of the tax on your property and the proposed tax increase on your property as a result of this revenue increase. These estimates are calculated on the basis of the proposed (insert current tax year) data. The actual tax on your property and tax increase on your property may vary from these estimates.
  - Slight wording changes made by LB 927

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Postcard

- Postcard must also include (cont.)
  - Parcel ID
  - Name of property owner and address of property
  - Assessed value in previous year
  - Property taxes due in previous tax year for each participating subdivision
  - Assessed value for current year
  - Amount of property taxes due for the current year for each participating subdivision (based on proposed tax request)
  - Change in property taxes for prior to current year
  - The following statement:
    - To obtain more information regarding the tax increase, citizens may contact the political subdivision at the telephone number provided in this notice.

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Cost of Postcards

- Cost of creating and mailing the postcards, including staff time, materials, and postage, shall be divided among the participating political subdivisions.
- No provision in current statutes to allow other costs related to the Joint Public Hearing to be charged to the participating subdivisions
- Make sure to account for these new costs when doing 2022-2023 County budget
  - How is County going to pay for these costs? Assessor budget? General miscellaneous budget?

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Joint Public Hearing

Hearing Requirements:

- Each subdivision must designate one representative to attend the Joint Public Hearing
  - If a political subdivision is included in multiple Counties, must attend the Joint Public Hearing in the County where the principal headquarters are located
  - May be entities that are required to be included on the postcards in a particular county, but not included in that County's Joint Public Hearing (especially Community Colleges and Schools)

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Joint Public Hearing

Hearing Requirements:

- Must be held on or after September 17 and prior to September 29, and before any of the participating political subdivisions file their adopted budget with the County Clerk and State Auditor
- Recommend holding regular budget hearing early to get that out of the way

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Joint Public Hearing

Hearing Requirements (Cont.):

- Must be held after 6:00PM
- Representative of each political subdivisions must give presentation on their intent to increase their property tax request more than the allowable growth percentage and the effect of the request on their budget.
- Presentation must include, at a minimum:
  - Name of the subdivision
  - Dollar amount of their proposed tax request

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Joint Public Hearing

Hearing Requirements (Cont.):

- Presentation must include, at a minimum (Cont):
  - The following statements:
    - The total assessed value of property differs from last year's total assessed value by ..... Percent
    - The tax rate which would levy the same amount of property taxes as last year, when multiplied by the new total assessed value of property, would be $..... per $100 of assessed value
    - The (name of political subdivision) proposes to adopt a property tax request that will cause its tax rate to be $..... per $100 of assessed value
    - Based on the proposed property tax request and changes in other revenue, the total operating budget of (name of political subdivision) will exceed last year's by ..... Percent
    - To obtain more information regarding the increase in the property tax request, citizens may contact the (name of political subdivision) at (telephone number and email address of political subdivision).

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Joint Public Hearing

Hearing Requirements (Cont.):

- Anyone wishing to speak at the Joint Public Hearing must be allowed to do so, and given a reasonable amount of time to do so.
  - Statute does not give specific time frame so will be up to each County to determine what is reasonable for their hearing

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Joint Public Hearing

Question: Who is in charge of the meeting if multiple subdivisions are represented?

Answer: The statutes do not address this question. State Auditor's recommendation is that each County will have to work together with the subdivisions involved to determine how to run their hearing.

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Joint Public Hearing – Clerk's Report

Clerk required to prepare a report that includes the following:

- Name of the representative from each participating subdivision
- Name and address of everyone that spoke at the hearing
  - Address requirement can be waived to protect the security of the individual
- Name of any organization represented at the hearing
- This will be documentation that required subdivisions participated in hearing

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Joint Public Hearing – Clerk's Report

- Clerk must provide this report to all subdivisions that participated in the Joint Public Hearing within **10 days** after the hearing
  - State Auditor would also like to receive a copy of this report so we can keep track of who participated in the hearings.
    - Email to jeff.schreier@nebraska.gov once complete
- APA will have sample form available for this report

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Timeline

- August 1 – Preliminary budget provided to County Board by Budget-Making Authority
- August 20 – County Assessor certifies Valuations
- September 5 – Deadline for subdivisions required to participate to provide proposed tax request and phone number to County Clerk
- September 10 – Deadline for County Clerk to provide Sept. 5th information to County Assessor
- Postcards mailed out by County Assessors
- September 17 – 28 – Joint Public Hearings Held (at least seven days after postcards mailed by County Assessor, and before the budget is filed with State Auditor)
- September 30 – final adopted budget submitted to State Auditor

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Adopting Budget before Joint Public Hearing

- Current statutes only require joint public hearing to be held prior to filing the budget with State Auditor
- Budget could be adopted prior to joint public hearing, but:
  - If changes to tax request or budgeted disbursements after getting input from joint hearing, subdivisions would need to follow budget amendment procedures found in § 13-511
  - Probably not consistent with intent of the legislation – hard to say public input from joint hearing was considered if the budget was already adopted

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Adopting Budget before Joint Public Hearing

- APA recommendation:
  - Schedule budget hearing early (August)
  - Schedule Joint Hearing as close to September 17th as possible
  - Schedule Board meeting to adopt budget after joint hearing
- Not applicable if County's property tax request does not increase by more than 2% + real growth

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Other LB 644 Changes

§ 77-1601.02 was transferred to § 77-1632

If any of your budget related documents, resolutions, public notices, etc. reference § 77-1601.02, you want to update to § 77-1632

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LB 1250

- LB 1250 introduced this year as a cleanup bill to LB 644
- Provisions of LB 1250 amended onto LB 927 (AM2505)
- Approved by Governor on April 19, 2022
- Clarifies the following:
  - County Clerk (or designee) is responsible for organizing Joint Hearing
  - County Board is responsible for designating a printing service to print the postcards – **start thinking about this sooner rather than later**

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LB 1250

- Clarifies the following (Cont.):
  - Initial cost of printing postcards to be paid from the County General Fund
  - Cost of postcards divided proportionately between participating subdivisions based on the total number of parcels in each participating subdivision
  - Slight wording changes to required postcard language
  - A political subdivision that complied w/ the Property Tax Request Act shall not have their tax request invalidated because another political subdivision did not comply

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LB 644 – Final Thoughts

- First year everyone is implementing these changes – including State Auditor's Office
- Please contact our office if questions or issues arise so we can work through them together
- Additional "What's New" guidance likely placed on website at same time as budget forms

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Questions?

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402-471-2111

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