Doug Gibbs February 12, 2015 402-471-0051

LB 350

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	5-16	FY 2016-17				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$0		\$0				
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$0		\$0				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 350 amends Nebraska Revised Statutes to change the valuation percentage of agricultural and horticultural land.

Section 77-201 is amended to provide that agricultural land and horticultural land shall be valued at 65% of actual value. Currently it is valued at 75% of actual value. The same change is made for special valuation of agricultural land and horticultural land.

Section 77-5023 is amended to change the acceptable range of agricultural land and horticultural land for taxation purposes from the current range of 69% to 75% to the new range of 59% to 65%.

Section 77-1016 is amended to change adjusted valuation for school state aid purposes to 62% of actual value. The current adjusted valuation is 72%.

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

The changes proposed by LB 350 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:

\$	0
\$	0
\$ 13,446,50	00
\$ 13,980,00	00
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The Department of Revenue indicates the cost to implement LB 350 will be minimal.

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

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: 350	AM:	AGENCY/POLT. SUB: Education					
REVIEWED BY: Lyn	REVIEWED BY: Lyn Heaton DATE: 2/17/2015 PHONE: 471-4181						
COMMENTS: The Department is correct that the bill would increase the amount of General Funds needed for TEEOSA							
equalization aid. For instance, it has been estimated that had this change been in place for calculation of TEEOSA aid for							
FY 2015-16 the additional cost would have been about \$27 million.							

Fiscal Note 2015

		State Agency	Esumate			
State Agency Name: Department of	Revenue				Date Due LFA:	2/17/2015
Approved by: Len Sloup		Date Prepared:	2/17/2015		Phone: 471-5896	
	FY 201	5-2016	<u>FY 201</u>	6-2017	<u>FY 20</u>	17-2018
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds						
Cash Funds						
Federal Funds						
Other Funds						
Total Funds						

State A man an Estimate

LB 350 lowers the percentage of valuation for agricultural land and horticultural land from 75% of its actual value to 65% of its actual value. The valuation of agricultural land and horticultural land receiving special valuation would be lowered from 75% of actual value to 65% of its actual value.

The acceptable range of the level of value for agricultural land and horticultural land, whether receiving special valuation or not, would be lowered from 69% to 75% of actual value to 59% to 65% of actual value.

For calculating the state aid under TEEOSA, the value for agricultural land and horticultural land, whether receiving special valuation or not, would be lowered from 72% of actual value to 62% of actual value (the midpoint of the acceptable range).

It is estimated that reductions in property tax rates may result in higher costs to TEEOSA, which would have an impact on expenditures. The amount of the increase cannot be determined by the Department of Revenue.

It is estimated that there will be minimal costs to the Department to implement this bill.

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

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

Capital Improvements		
Total		

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB ⁽¹⁾ 350					FISCAL NOTE
State Agency OR Political	Subdivision Name: (2)	Dept of Educati	on		
Prepared by: ⁽³⁾ Bryc	e Wilson	Date Prepared: ⁽⁴⁾	1/20/15	Phone: (5)	402-471-4320
	ESTIMATE PROVIDE	D BY STATE AGENO	Y OR POLITICAL S	UBDIVISIC	DN
	FY 20	15-16		FY 2016	-17
	EXPENDITURES	<u>REVENUE</u>	EXPENDITU		<u>REVENUE</u>
GENERAL FUNDS					
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS					

Explanation of Estimate:

Decreasing ag land valuations will increase TEEOSA aid to equalized school districts. The amount cannot be determined at this time.

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Personal Services:					
POSITION TITLE	NUMBER OF 15-16	POSITIONS	2015-16 EXPENDITURES	2016-17 EXPENDITURES	
FOSITION TITLE	15-10	<u>16-17</u>	EATENDITURES	<u>EAFENDITURES</u>	
Benefits					
Operating					
Travel					
Capital outlay					
Aid					
Capital improvements					
TOTAL					