Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 20 ⁴	15-16	FY 2016-17				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS							
CASH FUNDS		\$81,900,000		\$83,900,000			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS		\$81,900,000		\$83,900,000			

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

LB 71 creates the Agricultural Property Tax Credit Act.

The bill would provide a property tax credit from the state appearing in the form of a credit on the property tax statement of agricultural land and horticultural land. The credit would be disbursed to each county from the Agricultural Property Tax Relief Fund which is created by the bill.

The Agricultural Property Tax Relief fund receives revenue from a seven percent tax on the excessive sales price of agricultural land and horticultural land and is due from the purchaser of such land at the time the deed for the land is presented for recording. It is to be collected by the county register of deeds and remitted to the State Treasurer.

The excessive sales price is determined by subtracting the inflation-adjusted value of the land from the sales price of the land.

The inflation-adjusted value of the land is determined by taking the actual value of the land as used by the county assessor in the year 1993, adjusted by the cumulative percentage change of the Consumer Price Index published by the Federal Bureau of Labor Statistics from January 1, 1993 to the date of the sale of the land.

The dollar amount of the tax is determined by multiplying the excessive sales price amount by seven percent.

The amount of credit disbursed to each county is determined by multiplying the balance in the Agricultural Property Tax Relief Fund by the ratio of the real property valuation of all agricultural and horticultural land in the county to the real property valuation of all such land in the state. The county treasurer of each county then multiplies the amount disbursed to the county by the ratio of the valuation of the parcel to the total real property valuation of all such land in the county. The amount so determined is the property tax credit for the parcel. The county treasurer retains one percent of the receipts.

It seems to be assumed but it is not specified that the property tax credit is to be paid for from the Agricultural Property Tax Relief Fund.

The Department of Revenue indicates no impact to the General Fund. The Department estimates the impact to the Agricultural Property Tax Relief Fund as follows:

FY15-16:	\$81,900,000
FY16-17:	\$83,900,000
FY17-18:	\$86,000,000
FY18-19:	\$88,200,000

The Department indicates minimal costs to implement the provisions of LB 71.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

IMPACT TO POLITICAL SUBDIVISIONS:

Because the state would reimburse political subdivisions through the Agricultural Property Tax Relief Fund, there is no fiscal impact as a result of the credit granted in LB 71.

Fiscal Note 2015

State Agency Estimate									
State Agency Name: Department of Revenue Date Due LFA: 1/20/						1/20/2015			
Approved by: Len Sloup		Date Prepared:	1/20/2015		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		\$ 81,900,000		\$ 83,900,000		\$ 86,000,000			
Federal Funds									
Other Funds									
Total Funds		\$ 81,900,000		\$ 83,900,000		\$ 86,000,000			

LB 71 imposes a 7% excise tax on the excessive sales price on agricultural and horticultural land and creates a corresponding property tax credit for agricultural property taxes. The tax is imposed on a purchaser of agricultural and horticultural land and collected by the Register of Deeds in the county where the property is located. The tax is remitted to the Agricultural Property Tax Relief Fund (Fund) for distribution to counties for each parcel of agricultural and horticultural land in that county. The Fund is distributed to counties in proportion to their percentage share of statewide agricultural land value as certified by the Property Tax Administrator. After retaining 1% of the receipts, the county allocates shares to each political subdivision in the same proportion that each political subdivision has to the county-wide levy against agricultural land.

The tax is calculated on each parcel of land based on its actual assessed value in 1993 adjusted by the cumulative percentage change in the Consumer Price Index for All Urban Consumers as published by the federal Bureau of Labor Statistics. The excessive sales price is considered to be the difference in the sales price and the adjusted value.

It is estimated that there will be no fiscal impact to General Fund revenues.

The impact to the Agricultural Property Tax Relief Fund would be as follows:

Transfer to Agricultural Property Tax Relief Fund					
2015-16	\$ 81,900,000				
2016-17	\$ 83,900,000				
2017-18	\$ 86,000,000				
2018-19	\$ 88,200,000				

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

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>	
Benefits								
Operating Costs								
Travel								
Capital Outlay								
Aid								
Capital Improvements								
Total								