Keisha Patent February 2, 2022 402-471-0059

LB 1242

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)										
	FY 202	2-23	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 1242 relates to land valuations for the purpose of property taxation. Specifically, LB 1242 would redefine the taxable value of agricultural and horticultural land for purposes of taxes levied by a school district from 50% to 0% of its actual value. Additionally, LB 1242 provides that commercial land also be valued at 0% for purposes of levying school property taxes.

LB 1242 also changes the value of school land to 75% of appraised value for purposes of certifying levies to the Commissioner of Education.

LB 1242 becomes operative January 1, 2023.

The Department of Education identifies that LB 1242 does not change adjusted valuation for purposes of state aid to school districts, and as such estimates no fiscal impact related to state aid to education. The Fiscal Office agrees with this assessment.

All school districts would be significantly impacted by LB 1242. Based on recent property tax levy data, Nebraska school districts would lose approximately 50% of their property tax revenue, assuming each district increased their levy to the \$1.05 maximum. This would equate to roughly \$1.2 billion lost across all districts, with no corresponding increase to state aid.

The Department of Revenue estimates no fiscal impact to implement the bill.

The Nebraska Association of County Officials estimates minimal fiscal impact to counties. Lancaster County estimates roughly \$5,000 in expenditures to modify software to implement LB 1242. The Lancaster County Treasurer's Office estimates no fiscal impact. There is no basis to disagree with these estimates.

1	ADMINISTRA	TIVE SERVICE	S STATE BUDGET DIVISION:	REVIEW OF AGENC	CY & POLT. SUB. RESPONSE					
LB:	1242	AM:	AGENCY/POLT. SUB:	Nebraska Departme	ent of Education					
REV	EWED BY:	Gary Bush	DATE:	1/27/22	PHONE: (402) 471-4161					
CON	COMMENTS: No basis to disagree with the estimate provided by the agency.									

	ADMINISTRA	ATIVE SERVICES	S STATE BUDGET DIVISION:	REVIEW OF AGENO	CY & POLT. SUB. RESPONSE					
LB:	1242	AM:	AGENCY/POLT. SUB:	Department of Reve	enue					
RE	VIEWED BY:	Gary Bush	DATE:	2/1/22	PHONE: (402) 471-4161					
СО	COMMENTS: No basis to disagree with the estimate provided by the agency.									

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB:	1242	AM:	AGENCY/POLT. SUB:	Nebraska	a Association of Officials				
REVIE	WED BY:	Gary Bush	DATE:	1/27/22	PHONE: (402) 471-4161				
COMM	COMMENTS: Agree with the agency that the bill provides appropriations of \$5 million in FY 2022-23 and FY 2023-24.								

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB:	1242	AM:	AGENCY/POLT. SUB: Lancaster County Assessor						
REVIE	EWED BY:	Gary Bush	DATE:	1/24/22	PHONE:	(402) 471-4161			
COM	COMMENTS: No basis to disagree with the estimate provided by the agency.								

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE LB: 1242 AM: AGENCY/POLT. SUB: Lancaster County Treasurer REVIEWED BY: Gary Bush DATE: 1/28/22 PHONE: (402) 471-4161

COMMENTS: Agree with the agency's estimate of impact.

LB ⁽¹⁾ 124	2			FISCAL NOTE
State Agency OR	Political Subdivision Name: ⁽²⁾	Education		
Prepared by: ⁽³⁾	Bryce Wilson	Date Prepared: ⁽⁴⁾	1/21/22 Phon	e: (5) 402-471-4320
	ESTIMATE PROV	IDED BY STATE AGEN	ICY OR POLITICAL SUBD	IVISION
	EX	2022 22	EX.	2022 24
	<u>FY</u> EXPENDITURES	<u>2022-23</u> <u>REVENUE</u>	<u>EXPENDITURES</u>	<u>2023-24</u> <u>REVENUE</u>
GENERAL FUI	NDS			
CASH FUNDS				
FEDERAL FUN	NDS			
OTHER FUND	S			
TOTAL FUND	S			

Explanation of Estimate:

LB 1242 changes the valuation of agricultural, horticultural and commercial land to zero percent for school district taxing purposes. This change would result in residential property being solely responsible for school district taxes.

This bill does not change adjusted valuation used to calculate TEEOSA so there would be no increase in State funding.

No fiscal impact to NDE or the State.

BREAK	KDOWN BY MAJ	OR OBJECTS O	F EXPENDITURE	
Personal Services:				
	NUMBER OF	POSITIONS	2022-23	2023-24
POSITION TITLE	22-23	<u>23-24</u>	EXPENDITURES	EXPENDITURES
Benefits		. <u></u>		
benefits	••••			
Operating				
Travel				
Capital outlay				
Aid				
Alu	•••••			
Capital improvements	•••••			
TOTAL				

2022

LB 1242

Fiscal Note 2022

State Agency Estimate									
State Agency Name: Department of	Revenue (DOR)				Date Due LFO:				
Approved by: Tony Fulton		Date Prepared:	1/31/2022		Phone: 471-5896				
<u>FY 2022-2023</u> <u>FY 2023-2024</u> <u>FY 2024-20</u>					4-2025				
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue			
General Funds		\$ O		\$ 0		\$ 0			
Cash Funds									
Federal Funds									
Other Funds									
Total Funds		\$ 0		\$ 0		\$ 0			
-									

Section 1: Amends Neb. Rev. Stat. § 77-201(2) and (3) to change the level of valuation for agricultural and horticultural land as well as special valuation for such real property from 50% to 0% of the actual value for taxes levied by school district. Subsection 5 is added to state that commercial property will be valued at 0% of its actual value for purposes of taxes levied by school district.

Section 2: Amends Neb. Rev. Stat. § 77-5023 by striking language that allowed for a lower acceptable range of variation for taxes levied by a school district for payment of bonds approved by a vote of the people.

Section 3: Amends Neb. Rev. Stat. § 79-1036 by changing the level of value of school land or saline land to 75% of appraised value as a part of the process where county assessors certify to the Commissioner of Education the tax levies of each school district and learning community.

It is estimated that there will be no costs to DOR to implement this bill.

This bill becomes operative on January 1, 2023.

Major Objects of Expenditure										
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 <u>Expenditures</u>	24-25 <u>Expenditures</u>			
Benefits										
Operating Costs										
Capital Outlay	Capital Outlay									
	nts									
	Total									

LB ⁽¹⁾ 1242					FISCAL NOTE
State Agency OR Political Su	ıbdivision Name: ⁽²⁾	Nebraska Associa	tion of Officials (N	ACO)	
Prepared by: ⁽³⁾ Elaine	Menzel	Date Prepared: ⁽⁴⁾	1/25/2022	Phone: (5)	402.434.5660
E	STIMATE PROVI	DED BY STATE AGEN	ICY OR POLITICAL	SUBDIVIS	SION
	FY 6	2022-23		FY 2023	3-9.4
	EXPENDITURES	<u>REVENUE</u>	EXPENDITU		REVENUE
GENERAL FUNDS					
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS					
Explanation of Estimate:					

LB 1242 would change the valuation of certain real property taxes levied by school districts. The fiscal impact to counties is minimal to none.

	NUMBER OF	POSITIONS	2022-23	2023-24
POSITION TITLE	<u>22-23</u>	<u>23-24</u>	EXPENDITURES	EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				

LB ⁽¹⁾ 1242					FISCAL NOTE
State Agency OR Political S	Subdivision Name: ⁽²⁾	Lancaster County	Assessor/ROD		
Prepared by: ⁽³⁾ Scott	Gaines	Date Prepared: ⁽⁴⁾	1/21/22	Phone: (5)	402-441-6580
	ESTIMATE PROVI	DED BY STATE AGEN	CY OR POLITICAL	SUBDIVIS	ION
	<u>FY 9</u> EXPENDITURES	2022-23 <u>REVENUE</u>	<u>EXPENDITU</u>	<u>FY 2023-</u> RES	-24 <u>REVENUE</u>
GENERAL FUNDS	5,000		0		
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS	5,000		0		

Explanation of Estimate:

This bill will require some minor software modifications for the Lancaster County Assessor's Office.

BREAK	DOWN BY MA.	JOR OBJECTS O	<u>F EXPENDITURE</u>	
Personal Services:				
	NUMBER OF POSITIONS		2022-23	2023-24
POSITION TITLE	22-23	23-24	EXPENDITURES	EXPENDITURES
	-			
	·			
	- <u> </u>	<u> </u>		
Benefits				
Operating				
Travel				
Capital outlay				
			·	·
Aid				
Capital improvements				
TOTAL				

2022

LB ⁽¹⁾ 1242					FISCAL NOTE			
State Agency OR Po	olitical Subdivision Name: ⁽²⁾	Lancaster County	Lancaster County Treasurer					
Prepared by: ⁽³⁾	Rachel Garver	Date Prepared: ⁽⁴⁾	January 27, 2022	Phone: (5)	402-441-7425			
ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION								
	<u>FY s</u> EXPENDITURES	<u>2022-23</u> <u>REVENUE</u>	<u>FY 202</u> <u>EXPENDITURES</u>		<u>-24</u> <u>REVENUE</u>			
GENERAL FUND	DS							
CASH FUNDS								
FEDERAL FUND	s							
OTHER FUNDS								
TOTAL FUNDS								
Explanation of Es	timate:							

No Fiscal Impact for the County Treasurer's Office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE							
Personal Services:							
	NUMBER OF POSITIONS		2022-23	2023-24			
POSITION TITLE	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>			
Benefits							
Operating	•••			. <u></u>			
Travel							
Capital outlay							
Aid							
Capital improvements							
TOTAL							

2022