

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	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 995 amends a number of sections of Nebraska Revised Statutes dealing with agricultural and horticultural land.

The bill amends Section 77-1359 to define “agricultural value as “the actual value of land for agricultural and horticultural purposes or uses without regard to the actual value the land would have for other purposes.” This is essentially the definition used for special valuation of agricultural or horticultural land. Special valuation is a valuation in use and with this definitional change would apply to all agricultural and horticultural land.

Section 77-201, regarding how real property shall be valued, is amended to provide that all agricultural and horticultural land shall be valued at 75% of its “agricultural” value instead of its “actual” value.

The bill amends a number of sections of statute to replace “special” or “special valuation” with the terms “agriculture” or “agricultural value.”

Section 79-1016 is amended to provide that state aid value for agricultural and horticultural land is 72% of its agricultural value and also removes references to special valuation.

Section 79-1036 is amended to remove a reference to “market” value and inserts “agricultural” value.

LB 995 also outright repeals the existing special valuation statutes.

The bill has an operative date of January 1, 2017.

The Department of Revenue indicates that there will be minimal cost to implement the provisions of LB 995.

We have no basis to disagree with the Department’s estimate of cost.

There could be some impact to General Fund expenditures for funding the TEEOSA formula as a result of the changes proposed by LB 995 but we are unable to determine that impact.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 995	AM:	AGENCY/POLT. SUB: Dept. of Revenue
REVIEWED BY: Lyn Heaton	DATE: 2/12/2016	PHONE: 471-4181
COMMENTS: The Department of Revenue’s estimate of no state revenue impact and no operational fiscal impact on the Department appears reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 995	AM:	AGENCY/POLT. SUB: NE. Association of County Officials	
REVIEWED BY: Lyn Heaton		DATE: 2/12/2016	PHONE: 471-4181
COMMENTS: No fiscal impact estimate is provided in the NACO fiscal note. It should be noted that any change which impacts the valuation of real property could have a General Fund impact on the TEEOSA school finance formula.			

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 2/12/2016	
Approved by: Tony Fulton		Date Prepared: 2/11/2016	
		Phone: 471-5896	
	FY 2016-2017	FY 2017-2018	FY 2018-2019
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>
	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds			
Cash Funds			
Federal Funds			
Other Funds			
Total Funds			

LB 995 extends special valuation (a valuation in use) to all agricultural land. In describing the valuation of agricultural land, it would replace "actual value" with "agricultural value." Section 4 of the bill defines "agricultural value" to mean the same as the current definition of "special valuation."

Section 1 removes references to the special valuation statutes.

Section 2 amends Neb. Rev. Stat. § 77-201 to remove a subsection that describes how agricultural land receiving special valuation is to be valued. Agricultural land and horticultural land would be valued at its "agricultural value."

Section 3 amends § 77-1327 to remove a reference to special valuation in the Property Tax Administrator's duty to develop ratio studies for determining the level of value for agricultural and horticultural lands.

Section 4 amends § 77-1359 to provide a statutory reference to conservation easements (it had been referred to as the "Conservation and Preservation Easements Act").

Section 5 amends § 77-1371 to remove a reference to land receiving special valuation and also replacing a reference to "current market" value with "agricultural value."

Section 6 amends § 77-1507.01 to replace the ability of taxpayers to appeal to the Tax Equalization and Review Commission (Commission) for determinations of "special" value with "agricultural" value.

Section 7 amends § 77-5022 to replace the Commission's duty to equalize, among other classes of land, the "special" value of real property with the duty to equalize the "agricultural" value of real property.

Section 8 amends § 77-5023 to change the acceptable range for agricultural land and horticultural land to be 69 to 75% of its agricultural value, not actual value. It also removes reference to the acceptable range for agricultural land and horticultural land receiving special valuation.

Section 9 amends § 79-1016 to provide that state aid value for agricultural and horticultural land is 72% of its agricultural value, and removes references to special valuation.

Section 10 amends § 79-1036 to change a reference from "market" value to "agricultural" value.

This bill repeals the current special valuation statutes.

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

Any changes in property values and taxes levied impact the calculations for TEEOSA which may impact General Fund expenditures.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>16-17 FTE</u>	<u>17-18 FTE</u>	<u>18-19 FTE</u>	<u>16-17 Expenditures</u>	<u>17-18 Expenditures</u>	<u>18-19 Expenditures</u>
	Benefits.....						
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....						
	Aid.....						
	Capital Improvements.....						
	Total.....						

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2016

LB⁽¹⁾ 995

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel

Date Prepared: ⁽⁴⁾ 1/125/2016

Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

There would be no fiscal impact if LB 995 were to pass.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____