

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2022-23</b>		<b>FY 2023-24</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
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.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB:	1242	AM:	AGENCY/POLT. SUB: Nebraska Department of Education	
REVIEWED BY:	Gary Bush	DATE:	1/27/22	PHONE: (402) 471-4161
COMMENTS: No basis to disagree with the estimate provided by the agency.				

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>				
LB:	1242	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY:	Gary Bush	DATE:	2/1/22	PHONE: (402) 471-4161
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 Association of Officials
REVIEWED BY:	Gary Bush	DATE:	1/27/22 PHONE: (402) 471-4161
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
REVIEWED BY:	Gary Bush	DATE:	1/24/22 PHONE: (402) 471-4161
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.			

Please complete ALL (5) blanks in the first three lines.

2022

LB<sup>(1)</sup> 1242

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Education

Prepared by: <sup>(3)</sup> Bryce Wilson Date Prepared: <sup>(4)</sup> 1/21/22 Phone: <sup>(5)</sup> 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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



Please complete ALL (5) blanks in the first three lines.

**2022**

**LB<sup>(1)</sup> 1242**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Association of Officials (NACO)

Prepared by: <sup>(3)</sup> Elaine Menzel Date Prepared: <sup>(4)</sup> 1/25/2022 Phone: <sup>(5)</sup> 402.434.5660

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2022-23</u>		<u>FY 2023-24</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:

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

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

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



Please complete ALL (5) blanks in the first three lines.

**2022**

**LB<sup>(1)</sup> 1242**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Lancaster County Treasurer

Prepared by: <sup>(3)</sup> Rachel Garver Date Prepared: <sup>(4)</sup> January 27, 2022 Phone: <sup>(5)</sup> 402-441-7425

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2022-23</u>		<u>FY 2023-24</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:

No Fiscal Impact for the County Treasurer's Office.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

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