

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS			\$571,966	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$571,966	

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

LB222 changes requirements related to the payment in-lieu of tax (PILT) payments the Nebraska Game and Parks Commission (NGPC) makes pursuant to 37-335. Current statute directs that for lands acquired for wildlife management purposes on or after January 1, 1977, the NGPC must make PILT payments. The proposed legislation would require the Commission to make PILT payments on *all* land ever acquired for wildlife management purposes. Additionally, the valuation of the land for the purpose of determining the amount to be paid would be based on an assumption the land was being used “at its highest and best use”. Current statute provides, as of January 1, 1997, the value is determined by how the land was used immediately before acquisition excluding any improvements on the land before or after the acquisition.

Based on data provided by the Commission, 186 properties, for a total of 39,435 acres in 45 counties, were acquired prior to January 1, 1977. As the operative date of the bill is January 1, 2022, these properties would go through the assessment cycle that begins on January 1, 2022, and the PILT payments would become due and payable beginning December 31, 2022, which is in FY23. In order to determine an estimate of the PILT payments that would be made on the Pre-1977 properties, the NGPC utilized existing data that included the PILT payments made for each property by county acquired on or after January 1, 1977, the acres in each property, and the levy on such property. This information was used to calculate an average county levy and county average of per acre tax value. Utilizing these two (2) figures an estimated increase in PILT payments was calculated based on the number of Pre-1977 acres of property contained in each county. Below is a table that provides an estimated per county increase in PILT payments that would be associated with the properties acquired prior to January 1, 1977 and a total that is estimated to be the expenditure increase for the NGPC.

FY23 PILT Estimated Increase for Properties Acquired Prior to January 1977 - By County			
ANTELOPE	\$12,878	JEFFERSON	\$8,546
BOONE	\$374	JOHNSON	\$11,675
BROWN	\$6,762	KEARNEY	\$768
BUFFALO	\$24,316	KEITH	\$8,667
BURT	\$2,714	LANCASTER	\$116,905
BUTLER	\$186	LINCOLN	\$7,482
CASS	\$14,650	MADISON	\$5,994
CHASE	\$2,650	MERRICK	\$187
CHERRY	\$10,660	NUCKOLLS	\$2,579
COLFAX	\$4,564	OTOE	\$1,095
CUSTER	\$18,263	PAWNEE	\$38,540
DAKOTA	\$1,849	PHELPS	\$26,259
DAWES	\$24,653	RICHARDSON	\$573
DAWSON	\$44,008	ROCK	\$705
DEUEL	\$1,383	SARPY	\$42,267
DOUGLAS	\$10,937	SAUNDERS	\$4,082
FRANKLIN	\$7,700	SCOTTS BLUFF	\$1,451
FURNAS	\$769	SEWARD	\$21,774
GAGE	\$12,982	SHERIDAN	\$13,193
HALL	\$21,686	SIOUX	\$15,848
HARLAN	\$6,652	STANTON	\$6,740
HAYES	\$668	WAYNE	\$651
HOLT	\$4,683	TOTAL	\$571,966

(continued)

The NGPC has also provided a range of expenditure estimates (see attached) that attempt to account for the changes to require land to be valued at its "highest and best use", and making PILT payments for Pre-1977 properties. Because each parcel of land will have its own unique characteristics that contribute to what its "highest and best use" is, a basis to disagree with the estimates is absent.

The Department of Education provided a fiscal note (see attached) indicating adding land to the taxable valuation of school districts would reduce the amount of state funding for the Tax Equity and Educational Opportunities Support Act (TEEOSA). However, the changes are unable to be determined.

- If the increase in revenue from PILT payments are derived from a property that falls within a tax district where equalization aid under TEEOSA is provided to the school district, there would be a General Fund expenditure decrease that corresponds with the increase starting in FY25.

The Lancaster County Assessor provided a fiscal note (see attached) indicating no impact is present. There is no basis disagree.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 222	AM:	AGENCY/POLT. SUB: Nebraska Game and Parks Commission	
REVIEWED BY: Claire Oglesby	DATE: 1/22/21	PHONE: (402) 471-4174	
COMMENTS: Nebraska Game and Parks Commission's statement appears reasonable based on the assumptions provided.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 222	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: Claire Oglesby	DATE: 1/15/2021	PHONE: (402) 471-4174	
COMMENTS: No basis to disagree with Department of Education's fiscal note.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 222	AM:	AGENCY/POLT. SUB: Lancaster County	
REVIEWED BY: Claire Oglesby	DATE: 1/21/21	PHONE: (402) 471-4174	
COMMENTS: No basis to disagree with Lancaster County's fiscal note.			

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2021

LB⁽¹⁾ 222 in lieu of tax payments

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Game and Parks Commission

Prepared by: ⁽³⁾ Patrick H. Cole Date Prepared: ⁽⁴⁾ 1/19/2021 Phone: ⁽⁵⁾ (402) 471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	611,375- 2,483,901	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	611,375- 2,483,901	=====

Explanation of Estimate:

Currently the Commission pays an in lieu of tax payment on wildlife lands (WMA – Wildlife Management Areas) that have been acquired since January 1, 1977. Those payments totaled \$1,034,147.42 for 2019 holdings (the 2020 statements have not been completed at this time) covering around 70 thousand acres.

Currently those payments are the same as the real property taxes which would have been paid on the land if it were owned by a private owner. The value is determined by the county assessor pursuant statute as if it were being used for the use it had immediately before acquisition by the commission, excluding any improvements on the land either before or after acquisition. The proposed language would require in lieu of tax payments on all wildlife lands ever acquired and at its highest and best use.

This would result in an increase in the in lieu of taxes by an estimated amount between \$611,375.44 and \$2,483,901.26 annually based on 2019 data. The lower figure accounts for adding lands that were acquired prior to 1977 at the average county assessment rate, whereas the higher amount adds those same lands and calculates all lands at the current average maximum county assessment rates. The latter is an estimate of how the “highest and best use” could affect the rate. Highest and best use rates are unknown and will be county specific, but will be presumably above the county average rate. The proposed operative date of the legislation is January 2022, thus the new valued taxes would be paid in 2023 for the first time and adjust annually as new land is added or removed and valuation rates adjust overtime so the figures provided will likely be low. Taxes are paid in the first half of a fiscal year.

Passage of the bill would require an A-bill to ensure adequate appropriations to cover the increased costs.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2021

LB⁽¹⁾ 222

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ NE Dept of Education

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/13/21 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

Currently, land acquired for wildlife management purposes after January 1, 1977 requires payments in lieu of taxes to be paid to the county treasurer. LB 222 changes statute to require any land acquired by the Game and Parks Commission for wildlife management purposes at any time to be valued at its highest and best use for determining valuation and payments in lieu of taxes which are paid to the county treasurer.

Adding any land acquired by the Game and Parks Commission prior to January 1, 1977 to the taxable valuation of school districts would reduce the amount of TEEOSA required for equalized districts and spread out the tax burden to a bigger base at non-equalized school districts.

The fiscal impact of this bill cannot be determined at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</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.

2021

LB⁽¹⁾ 222

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Assessor/ROD

Prepared by: ⁽³⁾ Scott Gaines Date Prepared: ⁽⁴⁾ 1/15/21 Phone: ⁽⁵⁾ 402-441-6580

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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 to the Lancaster County Assessor's Office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____