PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 06, 2024 402-471-0051

LB 877

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF	ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 2024-25 FY 2025-26							
	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 877 would make changes so that in order for land to qualify for special valuation the land would need to be agricultural or horticultural land and the land would need to consist of 5 contiguous acres or more or if the land consists of less than five contiguous acres, the owner or lessee of the land would need to provide an Internal Revenue Service Schedule F or other suitable tax document reporting profit or loss from farming for two out of the last three years for such land. The changes made in the bill would apply retroactively to January 1, 2023.

The Department of Revenue estimates no impact to General Fund revenues and no cost to it to implement the bill.

The Tax Equalization and Review Commission estimates no fiscal impact to it as a result of the bill.

Political subdivisions are estimated to have a revenue loss in the case that additional acres of land have special valuation.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 877	AM:	AGENCY/POLT. SUB: Department of	of Revenue		
REVIEWED BY:	Jacob Leaver	DATE: 2/6/2024	PHONE: (402) 471-4173		
COMMENTS: Concur with the Department of Revenue's estimate of no fiscal impact to the agency as a result of LB 877.					

ADMINISTRA	TIVE SERVICES	STATE BUDGET DIVISION: REVIEW OF	AGENCY & POLT. SUB. RESPONSE		
LB: 877	AM:	AGENCY/POLT. SUB: Lancaster (County Assessor		
REVIEWED BY:	Jacob Leaver	DATE: 1/5/2024	PHONE: (402) 471-4173		
COMMENTS: Concur with the Lancaster County Assessor's estimate of no fiscal impact as a result of LB 877.					

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 877 AM: AGENCY/POLT. SUB: Tax Equalization & Review Commission						
REVIEWED BY:	Jacob Leaver	DATE: 1/5/2024	PHONE: (402) 471-4173			
COMMENTS: Concur with the Tax Equalization & Review Commission's estimate of no fiscal impact to the agency as a result of LB 877.						

ADMINISTRA	ATIVE SERVICES S	TATE BUDGET DIVISION: REVIEW OF AC	GENCY & POLT. SUB. RESPONSE			
LB: 877	AM:	AGENCY/POLT. SUB: Nebraska Asse	ociation of County Officials			
REVIEWED BY:	Jacob Leaver	DATE: 1/10/2024	PHONE: (402) 471-4173			
COMMENTS: Concur with the Nebraska Association of County Officials' estimate of indeterminable fiscal impact as a result of LB 877.						

ADMINISTRA	TIVE SERVICES S	TATE BUDGET DIVISION: REVIEW OF AC	GENCY & POLT. SUB. RESPONSE		
LB: 877 Revised	AM:	AGENCY/POLT. SUB: Douglas	County Assessor		
REVIEWED BY:	Jacob Leaver	DATE: 1/23/2024	PHONE: (402) 471-4173		
COMMENTS: Concur with the Douglas County Assessor's estimate of no fiscal impact as a result of LB 877.					

Personal Services:

(c) mame in the income	
LB ⁽¹⁾ 877	FISCAL NOTE
State Agency OR Political Subdivision Name:	Douglas County Assessor/Register of Deeds
Prepared by: (3) Michael Goodwillie	Date Prepared: (4) 1/10/2024 Phone: (5) (402) 444-6703
ESTIMATE PRO	OVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION
,	FY 2024-25 FY 2025-26
EXPENDITUE	
GENERAL FUNDS	
CASH FUNDS	
FEDERAL FUNDS	
OTHER FUNDS	
TOTAL FUNDS 0	00
properties that were predominantly used city, village, or SID were permitted to ob nonagricultural influences from market v development is a valuation influence. But effectively disqualifying parcels of less the receive it. LB 877 removes the requirement acres or more—effectively reinstating the In Douglas County, LB 727 resulted in the with existing staff. Reinstating special valuations the believe the bill would have any fiscal important Interms of valuation change overall, we are This is because Neb. Rev. Stat. Section 77 during the year, it keeps its special valuation would be something that is more reflectively properties in 2023, 2024 would be the first the bill passes this session, it would requibilled in December 2024 and in all likelih setting in August of 2024. So, effectively we can deal with the changes that would	s the course that the Legislature took last year in LB 727. In that legislation, for agricultural or horticultural purposes that were in the incorporated limits of tain "special valuation"—a value for agricultural purposes that excludes ralue, it provides a significant tax savings in urban areas where potential the bill also land that was less than five acres from obtaining special valuation—an five acres of land that had been receiving special valuation gent, added in LB 727, that for special valuation to apply, the land had to be five the pre-LB 727 status quo for special valuation eligibility in terms of land size. The disqualification of 60 parcels of ground from special valuation. We did that aluation for those parcels could also be done with existing staff. We do not act on our office. The donot see any valuation or tax change in Douglas County as a result of the bill. The 1344(2) provides that when property is disqualified from special valuation tion for the year of disqualification and then, in the next valuation year, the value we of the property's market value. Since LB 727 effectively disqualified these st year the disqualified parcels would no longer be getting special valuation. If ire our office to change the values, but that would be done prior to taxes being mood, prior to value being certified to political subdivisions for budget and levy of the theory of the property with existing staff. The would be no change in tax treatment between 2023 and 2024. We believe be required by LB 877 with existing staff.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

	NUMBER OF	POSITIONS	2024-25	2025-26
POSITION TITLE	<u>24-25</u>	<u>25-26</u>	EXPENDITURES	EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL				

LB (1) 877						FISCAL NOTE	
State Agency OR Political Sul	bdivision Name: (2)	Lancaster County Assessor/Register of Deeds					
Prepared by: (3) Dan Nol	te	Date	Prepared: (4)	repared: (4) 01/04/2024		: (5) 402-441-7463	
ES	STIMATE PROVI	IDED BY	STATE AGE	NCY OR PO	DLITICAL SUBD	IVISION	
	FY	<u>2024-25</u>			FY 2	025-26	
<u>I</u>	EXPENDITURES		<u>REVENUE</u>	EXI	PENDITURES	REVENUE	
GENERAL FUNDS		<u> </u>					
CASH FUNDS							
FEDERAL FUNDS					_		
OTHER FUNDS							
TOTAL FUNDS							
Explanation of Estimate:							
•							
Personal Services:	BREAKDOW	VN BY MA	JOR OBJECT	TS OF EXP	ENDITURE		
1 crsonar services.	N	UMBER C	F POSITION	S	2024-25	2025-26	
POSITION TITI	LE	<u>24-25</u>	<u>25-26</u>	EX	<u>PENDITURES</u>	EXPENDITURES	
Benefits							
Operating							
Travel							
Capital outlay							
Aid							
Capital improvements							
TOTAL							

Capital outlay.....

LB (1)	877					FISCAL NOTE
State Age	ency OR	Political Subdivision Name: (2)	Nebraska Assoc	ciation of County C	Officials (NA	(CO)
Prepared	d by: (3)	Elaine Menzel	Date Prepared:	1/10/2024	Phone: (5)	402.434.5660
		ESTIMATE PROV	IDED BY STATE AG	ENCY OR POLITICA	L SUBDIVIS	ION
		EV	a0a4 a5		EV ana z	ac
		EXPENDITURES	<u>2024-25</u> <u>REVENUE</u>	EXPENDIT	<u>FY 2025</u> <u>URES</u>	<u>-26</u> <u>REVENUE</u>
GENER	AL FUN	IDS				
CASH F	UNDS					
FEDER A	AL FUN	DS		<u> </u>		
OTHER			-			
TOTAL						
Explanat	tion of l	Estimate:				
more or a Intern	(b) if t al Rev	require special valuation and the land consists of less the land service Schedule Find the last three years for such	nan five contiguous or other suitable tax	acres, the owner or	lessee of the	e land shall provide
From fi determ		he 15 counties with the	most land in spec	cial valuation the fo	ollowing info	ormation was
County	,	# of ag/horti parcels <	5 Total	Total Land		
o o ay		acres	acreage	Value		
Saunde	ers	144	382	\$2,763,741		
Lancas	ster	0	0	\$0		
Garder	ı	41	78	\$1,555,911		
Scotts	Bluff	2,404	3474	\$45,200,100		
Washir	ngton	247				
Lincoln)	17	21	\$14,930		
The fis	cal im	oact is unknown.				
Personal	l Service		<u>VN BY MAJOR OBJE</u>	CTS OF EXPENDITE	<u>JRE</u>	
<u>r ersonar</u>			UMBER OF POSITIO 24-25 25-20			2025-26 EXPENDITURES
			· ·			
	U					

		
Capital improvements		
TOTAL		

State Agency Estimate						
State Agency Name: Department of	f Revenue				Date Due LFO:	
Approved by: James R. Kamm		Date Prepared:	02/05/2024		Phone: 471-5896	
	FY 2024	I-202 <u>5</u>	FY 2025	<u>5-2026</u>	FY 2020	5-2027
	Expenditures	Revenue	Expenditures	Revenue	<u>Expenditures</u>	Revenue
General Funds		\$ 0		\$ 0		\$ 0
Cash Funds						
Federal Funds	-					
Other Funds						
Total Funds		\$ 0		\$ 0		\$ 0

LB 877 modifies the requirements for agricultural or horticultural land to qualify for special valuation. For tax year beginning January 1, 2023, LB 877 adds that for land to qualify for special valuation that the five or more acres must be contiguous and if the land is less than five contiguous acres, the owner or lessee of the land must provide an Internal Revenue Service Schedule F or other suitable tax document reporting a profit or loss from farming two out of the last three years for such land.

LB 877 also adds that if an Internal Revenue Service Schedule F or other suitable tax document reporting a profit or loss from farming for two out of the last three years is not provided for land that is less than five contiguous acres, then the land is disqualified from receiving special valuation as agricultural or horticultural.

The bill contains an emergency clause and becomes law upon enactment.

It is estimated that LB 877 will have no impact on General Fund revenues.

It is estimated that there will be no cost to the Department of Revenue to implement this bill.

Major Objects of Expenditure									
Class Code	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 Expenditures	25-26 Expenditures	26-27 Expenditures		
Benefits									
Operating Costs.									
Travel									
Capital Outlay									
Capital Improvements.									
Total									

LB ⁽¹⁾ 877			FISCAL NOTE					
State Agency OR Political Subdivision Name: (2	Tax Equalization & Review Commission							
Prepared by: (3) Rob Hotz	Date Prepared: (4)		402-471-2842					
ESTIMATE PRO	VIDED BY STATE AGEN	NCY OR POLITICAL SUBDI	VISION					
E.	Y 2024-25	FV o	025-26					
<u>EXPENDITURE</u>		EXPENDITURES	REVENUE					
GENERAL FUNDS								
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	_							
Explanation of Estimate:								
Explanation of Estimate.								
<u>BREAKDO</u> Personal Services:	WN BY MAJOR OBJECT	TS OF EXPENDITURE						
	NUMBER OF POSITION	S 2024-25	2025-26					
POSITION TITLE	<u>24-25</u> <u>25-26</u>	EXPENDITURES	EXPENDITURES					
Benefits								
Operating								
Travel								
Capital outlay								
Aid								
Capital improvements								
TOTAL								