

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

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 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.			

ADMINISTRATIVE 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.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 877	AM:	AGENCY/POLT. SUB: Nebraska Association 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.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & 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.			

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

2024

LB⁽¹⁾ 877

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Douglas County Assessor/Register of Deeds

Prepared by: ⁽³⁾ Michael Goodwillie Date Prepared: ⁽⁴⁾ 1/10/2024 Phone: ⁽⁵⁾ (402) 444-6703

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate: LB 877 reverses the course that the Legislature took last year in LB 727. In that legislation, properties that were predominantly used for agricultural or horticultural purposes that were in the incorporated limits of a city, village, or SID were permitted to obtain “special valuation”—a value for agricultural purposes that excludes nonagricultural influences from market value, it provides a significant tax savings in urban areas where potential development is a valuation influence. But the bill also land that was less than five acres from obtaining special valuation—effectively disqualifying parcels of less than five acres of land that had been receiving special valuation from continuing to receive it. LB 877 removes the requirement, added in LB 727, that for special valuation to apply, the land had to be five acres or more—effectively reinstating the pre-LB 727 status quo for special valuation eligibility in terms of land size.

In Douglas County, LB 727 resulted in the disqualification of 60 parcels of ground from special valuation. We did that with existing staff. Reinstating special valuation for those parcels could also be done with existing staff. We do not believe the bill would have any fiscal impact on our office.

In terms of valuation change overall, we do not see any valuation or tax change in Douglas County as a result of the bill. This is because Neb. Rev. Stat. Section 77-1344(2) provides that when property is disqualified from special valuation during the year, it keeps its special valuation for the year of disqualification and then, in the next valuation year, the value would be something that is more reflective of the property’s market value. Since LB 727 effectively disqualified these properties in 2023, 2024 would be the first year the disqualified parcels would no longer be getting special valuation. If the bill passes this session, it would require our office to change the values, but that would be done prior to taxes being billed in December 2024 and in all likelihood, prior to value being certified to political subdivisions for budget and levy setting in August of 2024. So, effectively, there would be no change in tax treatment between 2023 and 2024. We believe we can deal with the changes that would be required by LB 877 with existing staff.

Our office sees no fiscal impact administratively to our office or to the county or local political subdivision in terms of valuation and tax revenues.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

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

2024

LB⁽¹⁾ 877

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Assessor/Register of Deeds

Prepared by: ⁽³⁾ Dan Nolte Date Prepared: ⁽⁴⁾ 01/04/2024 Phone: ⁽⁵⁾ 402-441-7463

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</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 8777 does not appear to have a budgetary impact on this office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</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.

2024

LB⁽¹⁾ 877

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/10/2024 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</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 877 would require special valuation agricultural and horticultural land to consist of five contiguous acres or more or (b) if the land consists of less than five contiguous acres, the owner or lessee of the land shall provide a 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 for such land.

From five of the 15 counties with the most land in special valuation the following information was determined:

County	# of ag/horti parcels < 5 acres	Total acreage	Total Land Value
Saunders	144	382	\$2,763,741
Lancaster	0	0	\$0
Garden	41	78	\$1,555,911
Scotts Bluff	2,404	3474	\$45,200,100
Washington	247	.	.
Lincoln	17	21	\$14,930

The fiscal impact is unknown.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

Capital improvements.....

TOTAL.....

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

2024

LB⁽¹⁾ 877

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Tax Equalization & Review Commission

Prepared by: ⁽³⁾ Rob Hotz Date Prepared: ⁽⁴⁾ 1/5/24 Phone: ⁽⁵⁾ 402-471-2842

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</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

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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