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 DATE PREPARED: January 26, 2015
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Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below		See Below	

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

LB 178 changes the valuation percentage of agricultural and horticultural land for purposes of school district taxation only. Currently, agricultural and horticultural land is valued at 75% of market value for all purposes. The bill phases in a reduction of 5% per year beginning in 2016 until reaching 55% of market value in 2019 and continuing thereafter. The bill also phases in acceptable range of value and adjusted value reductions.

The percentage of valuation is as follows:

<u>Tax Year:</u>	<u>Percentage:</u>
2016	70%
2017	65%
2018	60%
2019 and after	55%

The bill also changes the acceptable range for agricultural and horticultural land as follows:

<u>Tax Year:</u>	<u>Acceptable Range:</u>
2016	64% to 70%
2017	59% to 65%
2018	54% to 60%
2019 and after	49% to 55%

LB 178 changes the adjusted value used for purposes of the Tax Equity and Educational Opportunities Support Act (TEEOSA) for agricultural and horticultural land as follows:

<u>Tax Year:</u>	<u>Percentage:</u>
2016	67%
2017	62%
2018	57%
2019 and after	52%

The bill has an operative January 1, 2016.

We estimate the fiscal impact to the General Fund of LB 178 as follows:

Year:	Aid Year:	Percentage of Value:	Annual Change in Aid:	Cumulative Aid Change:
2015:	2016-17	75%	\$ 0	\$ 0
2016:	2017-18	70%	\$ 11,412,431	\$ 11,412,431
2017:	2018-19	65%	\$ 13,446,537	\$ 24,858,968
2018:	2019-20	60%	\$ 15,203,704	\$ 40,062,672
2019:	2020-21	55%	\$ 16,541,835	\$ 56,604,507

The Department of Revenue noted that LB 178 could result in the county issuing two valuation change notices and two tax statements each year. One notice and statement would be for the school district, and the second notice and statement would be for all other political subdivisions in the tax district. This is because each parcel will have a different assessed valuation for the school district compared to the other political subdivisions in the tax district.

The Department of Revenue indicates minimal costs to implement LB 178.

IMPACT TO POLITICAL SUBDIVISIONS:

LB 178 will reduce the number of nonequalized school districts and increase the amount of state equalization aid, as noted above, in the TEEOSA formula.

The Nebraska Association of County Officials indicates the possibility of increased costs for county assessors if LB 178 results in a different formula for determining school land valuation, which would necessitate an increase in analysis of such property by assessors.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB:178	AM:	AGENCY/POLT. Nebraska Association of County Officials (NACO)	
REVIEWED BY: James Van Bruggen		DATE: 1/16/2015	PHONE: 471-4179
COMMENTS: LB 178 lowers the standard valuation and the percentage of variation of agricultural lands for school district taxing purposes. This bills appears to not affect other types of political subdivisions.			

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2015

LB⁽¹⁾ 178

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel

Date Prepared: ⁽⁴⁾ 1/14/2015

Phone: ⁽⁵⁾ 402-434-5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</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:

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Passage of LB 178 would result in utilizing a different formula for school land valuation. This would necessitate an increase in the analysis of such property for county assessors. Additionally, the reduction in the valuation of agricultural and horticultural land would likely result in a decline in the dollars available to political subdivisions, such as counties, to levy or it would necessitate an increase in taxes on other types of property if services were to remain status quo. The fiscal impact is undetermined.