

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 384 would allow the owner of agricultural land or horticultural land that is classified as cropland to apply to the county assessor to have up to 30 acres per quarter section reclassified as pasture or rangeland for property tax purposes.

The assessor is to approve such an application if the applicant agrees to plant perennial cover on the property to be reclassified and the same property has been classified as cropland for at least three of the last five years.

To continue the reclassification the owner must reapply each year and supply the necessary documentation to show that a perennial cover has been planted on the property and any other documentation required by the assessor to verify eligibility.

The Department of Revenue notes that there are no restrictions on the type of perennial cover that could be planted. If the cover is harvested as hay, the land would currently be classified as cropland. In certain areas, meadows which provide pasture but are also cropped for hay would be classified as cropland. In addition, there is no penalty for violating this agreement. There are no permanent restrictions on the use of the property such as a land use restriction agreement.

Given that pasture and rangeland typically have a lower valuation than cropland, this change could have an impact on state aid under the Tax Equity and Educational Opportunities Support Act (TEEOSA). However, given the variables involved we are unable to provide an estimate of fiscal impact.

The Department of Revenue indicates no cost to implement the provisions of LB 384.

We agree with the Department of Revenue's estimate of cost.

IMPACT TO POLITICAL SUBDIVISIONS:

LB 384 could increase costs to county assessors and lower property tax revenues but we are unable to provide an estimate of local impact.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 384	AM:	AGENCY/POLT. SUB: NE Assoc. of County Officials (NACO)	
REVIEWED BY: Lyn Heaton		DATE: 2/17/2015	PHONE: 471-4181
COMMENTS: The bill permissively allows an owner of agricultural land and horticultural land to apply for reclassification of "up to thirty acres per quarter section of such land" as pasture or rangeland. The fiscal impact on counties is indeterminate due to uncertainty involving how many acres would be reclassified and what impact such reclassifications would have on assessed valuations and the budget decisions of affected counties.			

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

2015

LB⁽¹⁾ 384

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel

Date Prepared: ⁽⁴⁾ 1/20/2015

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.....	_____	_____	_____	_____

LB 384 would provide for the reclassification of agricultural and horticultural land. An individual who owns land classified as cropland for property tax purposes may apply to the county assessor to have up to 30 acres per quarter section reclassified as pasture or rangeland for property tax purposes. Passage of this legislation would potentially result in the reduction in the valuation of the reclassified land and 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.