Doug Gibbs February 12, 2015 402-471-0051

LB 384

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	5-16	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 SUBDIVSIONS:

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	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.							

Fiscal Note 2015

State Agency Estimate							
State Agency Name: Department of	Revenue				Date Due LFA:	2/17/2015	
Approved by: Len Sloup		Date Prepared:	2/17/2015		Phone: 471-5896		
	FY 201	<u>5-2016</u>	FY 201	6-2017	<u>FY 20</u>	17-2018	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		\$ 0		\$ 0		\$ 0	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$ 0		\$ 0		\$ 0	

LB 384 allows any owner of agricultural land and horticultural land that has been classified as cropland for three of the prior five years for property tax purposes, to apply to the county assessor to have up to thirty acres per quarter section of such land reclassified as pasture or rangeland for property tax purposes. The county assessor shall approve any applications and reclassify such land if he or she finds the applicant has agreed to plant perennial cover on the property to be reclassified. Owners of the agricultural land and horticultural land will have to apply for this reclassification each year, providing the county assessor with proof that the land was planted and maintained with the perennial cover.

There are no restrictions on what the perennial cover would be. 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.

There is no penalty for violating the agreement. There are no permanent restrictions on the use of the property such as a land use restriction agreement.

It is estimated that this bill will have no impact on General Fund revenues.

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

Major Objects of Expenditure								
<u>Class Code</u>	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 <u>Expenditures</u>	16-17 <u>Expenditures</u>	17-18 <u>Expenditures</u>	
Benefits								
Operating Costs								
Travel								
Capital Outlay								
Capital Improvements								
Total								

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LB ⁽¹⁾ 384					FISCAL NOTE			
State Agency OR Political Subdivision Name: ⁽²⁾		Nebraska Asso	Nebraska Association of County Officials (NACO)					
Prepared by: ⁽³⁾ E	laine Menzel	Date Prepared: ⁽⁴⁾	1/20/2015	Phone: (5)	402-434-5660			
	ESTIMATE PROVIDE	ED BY STATE AGEN	CY OR POLITICA	L SUBDIVISIO	DN			
	EV o	015 16		EV 0016	17			
	EXPENDITURES	<u>015-16</u> <u>REVENUE</u>	<u>EXPENDI</u>	<u>FY 2016</u> TURES	<u>REVENUE</u>			
GENERAL FUNDS								
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS								
Explanation of Estim	late:							

BREAK	DOWN BY MA.	JOR OBJECTS O	<u>F EXPENDITURE</u>	
Personal Services:				
POSITION TITLE	NUMBER OI <u>15-16</u>	F POSITIONS <u>16-17</u>	2015-16 <u>EXPENDITURES</u>	2016-17 <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.