

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2017-18</b>		<b>FY 2018-19</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
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 266 changes the valuation of agricultural and horticultural real property for school district taxation and for calculating state aid under the Tax Equity and Educational Opportunity Support Act (TEEOSA).

For purposes of school district taxation, agricultural and horticultural land shall be valued as a percentage of actual value as follows:

<u>Tax Year:</u>	<u>Percentage:</u>
2018	50%
2019	40%
2020 and after	30%

The bill also changes the acceptable range for agricultural and horticultural land as a percentage of actual value as follows:

<u>Tax Year:</u>	<u>Percentage:</u>
2018	44% to 50%
2019	34% to 40%
2020 and after	24% to 30%

LB 266 amends Section 79-1016 to change the definition of state aid value for agricultural and horticultural land as a percentage of actual value to the following:

<u>Tax Year:</u>	<u>Percentage:</u>
2018	47%
2019	37%
2020	27%

The Department of Revenue noted that the provisions of LB 266 could result in the county issuing two valuation notices and two tax statements each year. One notice and statement for the school district and the second notice and statement for all other political subdivisions. Each agricultural or horticultural parcel will have a different assessed valuation for the school district compared to the other political subdivisions.

The bill has an operative date of January 1, 2018.

The Department of Revenue estimates that LB 266 will have no fiscal impact on General Fund revenues and that the cost to implement LB 266 will be minimal.

We agree with the Department of Revenue's estimate of fiscal impact to General Fund revenues and cost.

We estimate the following increase in General Fund expenditures as state aid under TEEOSA as a result of LB 266:

FY2017-18:	\$	0
FY2018-19:	\$	0
FY2019-20:	\$	77,837,199
FY2020-21:	\$	129,849,792
FY2021-22:	\$	202,396,088

IMPACT TO POLITICAL SUBDIVISIONS:

The Nebraska Association of County Officials (NACO) indicates the LB 266 the fiscal impact of the bill is indeterminate but significant software changes may be necessitated if land is valued at different levels for school district purposes.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>		
LB: 266	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: James Van Bruggen	DATE: 2/13/17	PHONE: <a href="tel:4024714179">(402) 471-4179</a>
COMMENTS: Agree with the Department of Revenue's statement of minimal fiscal impact to their agency.		

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>		
LB: 266	AM:	AGENCY/POLT. SUB: Department of Education
REVIEWED BY: James Van Bruggen	DATE: 1/25/17	PHONE: <a href="tel:4024714179">(402) 471-4179</a>
COMMENTS: LB 266 would create a different agricultural property valuation for school districts than what would be used for other local political entities. LB 266 would decrease agricultural value for school districts an estimated \$30.7 billion in FY 2018-19, \$44.7 billion in FY 2019-20, \$58.7 billion in FY 2020-21, and \$72.7 billion in FY 2021-22.		



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

2017

LB<sup>(1)</sup> 266

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Dept of Education

Dept of Education

Prepared by: <sup>(3)</sup> Bryce Wilson

Date Prepared: <sup>(4)</sup> 1/13/17

Phone: <sup>(5)</sup> 402-417-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</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:**

Under current law, agricultural and horticultural land is valued at 75% of its actual value for taxing purposes.

LB 266 stipulates that, for purposes of school district taxation, agricultural/horticultural land and special value land valuation would decrease to 50% in 2018 and decrease an additional 10% in 2019 and 2020 when the percentage would level off at 30% of actual value in 2020 and continue at 30% thereafter. The table below illustrates that percentage decrease.

<b>Tax Year</b>	<b>Percentage</b>
2018	50
2019	40
2020 and after	30

LB 266 stipulates the acceptable range for school district taxation decreases each year from 2018-2020 (table below) would be less than the current acceptable range of 69%-75% used for taxing by other public entities and would decrease at a 10% rate each year until 2020:

<b>Tax Year</b>	<b>Percentage Range</b>
2018	44 to 50
2019	34 to 40
2020 and after	24 to 30

State Aid Value: The bill modifies current provisions of TEEOSA and how they apply to agricultural/horticultural land. Under current law, state aid value for agricultural/horticultural land is 72% of actual value. Under LB 178, the state aid value applicable to both agricultural/horticultural land is as follows:

<b>Tax Year</b>	<b>Percentage</b>
2018	47
2019	37
2020 and after	27

This bill would decrease the amount of resources recognized in each district with Ag/Horticultural land resulting in an increase in TEEOSA aid but not until the 2019/20 school year. The amount cannot be determined at this time.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>				

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

**2017**

**LB<sup>(1)</sup> 266**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Elaine Menzel Date Prepared: <sup>(4)</sup> 1/17/2017 Phone: <sup>(5)</sup> 402.434.5660

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2017-18</u>		<u>FY 2018-19</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 266 would change the agricultural land and horticultural land valuation related to taxable valuation of the school district. The fiscal impact to county government is unknown; however, significant software changes maybe necessitated if land is valued at a different level for school districts purposes.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____