

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS			543,265 – 2,446,165	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			543,265 – 2,446,165	

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

LB829 changes requirements related to the payment in-lieu of tax (PILT) payments the Nebraska Game and Parks Commission makes pursuant to 37-335.

Current statute directs that for lands acquired for wildlife management purposes on or after January 1, 1977, the NGPC must make PILT payments. The proposed legislation would require the Commission to make PILT payments on *all* land ever acquired for wildlife management purposes. Additionally, the valuation of the land for the purpose of determining the amount to be paid would be based on an assumption the land was being used “at its highest and best use”. Current statute provides, as of January 1, 1997, the value is determined by how the land was used immediately before acquisition excluding any improvements on the land before or after the acquisition.

Based on data provided by the Commission, 167 Wildlife Management Areas (WMA's), for a total of 37,730 acres in 34 counties, were acquired prior to January 1, 1977. As the operative date of the bill is January 1, 2021, these properties would go through the assessment cycle that begins on January 1, 2021, and the PILT payments would become due and payable beginning December 31, 2021, which is in FY22. In order to determine an estimate of the PILT payments that would be made on the Pre-1977 properties, the NGPC utilized existing data that included the PILT payments made for each property by county acquired on or after January 1, 1977, the acres in each property, and the levy on such property. This information was used to calculate an average county levy and county average of per acre tax value. Utilizing these two (2) figures an estimated PILT payment was calculated based on the number of Pre-1977 acres of property contained in each county. Below is a table that provides an estimated per county increase in PILT payments that would be associated with the properties acquired prior to January 1, 1977.

FY22 PILT Estimated Increase for Properties Acquired Prior to January 1977			
County	Increase in PILT	County	Increase in PILT
ANTELOPE	\$12,321	LANCASTER	\$131,116
BROWN	\$7,251	LINCOLN	\$7,255
BUFFALO	\$34,952	MADISON	\$5,850
BUTLER	\$199	MERRICK	\$171
CASS	\$16,481	NUCKOLLS	\$2,440
CHERRY	\$10,561	OTOE	\$1,048
CUSTER	\$17,846	PAWNEE	\$36,672
DAKOTA	\$1,847	PHELPS	\$26,010
DAWES	\$23,711	RICHARDSON	\$575
DAWSON	\$38,272	SARPY	\$42,619
FRANKLIN	\$7,737	SAUNDERS	\$2,542
GAGE	\$12,575	SCOTTS BLUFF	\$1,439
HALL	\$21,009	SEWARD	\$21,190
HAYES	\$634	SHERIDAN	\$13,020
HOLT	\$4,453	SIoux	\$15,465
JEFFERSON	\$7,862	STANTON	\$6,226
JOHNSON	\$11,261	WAYNE	\$656
Statewide Total - 543,265			

(continued on next page)

The NGPC has also provided a range of expenditure estimates (see attached) that attempt to account for the changes to require land to be valued at its "highest and best use", and making PILT payments for Pre-1977 properties. Because each parcel of land will have its own unique characteristics that contribute to what its "highest and best use" is, a basis to disagree with the estimates is absent.

The Department of Education provided a fiscal note (see attached) indicating the provisions of the bill would result in valuation changes for school districts and Educational Service Units which could change the state funding for the Tax Equity and Educational Opportunities Support Act (TEEOSA). However, the changes are unable to be determined at this time and would likely be very minimal.

- If the increase in revenue from PILT payments are derived from a property that falls within a tax district where equalization aid under TEEOSA is provided to the school district, there would be a General Fund expenditure decrease that corresponds with the increase starting in FY24.

Sarpy County provided a fiscal note (see attached) indicating a small amount of revenue may be realized. There is no basis to disagree.

The Department of Revenue and the Lancaster County Treasurer provided fiscal notes (see attached) indicating no impact is present. There is no basis disagree.

Because no fiscal impact is present in the ensuing fiscal year (FY21) due to the timeframes associated with the valuation of the properties and when PILT payments would be made, any needed appropriation increase would be considered during the FY22 & FY23 biennial budget cycle.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 829	AM:	AGENCY/POLT. SUB: Nebraska Game and Parks Commission	
REVIEWED BY:	Claire Oglesby	DATE:	1/23/20 PHONE: (402) 471-4174
COMMENTS: Nebraska Game and Parks Commission's statement appears reasonable based on the assumptions provided.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 829	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY:	Claire Oglesby	DATE:	1/30/20 PHONE: (402) 471-4174
COMMENTS: No basis to disagree with Department of Education's fiscal note.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 829	AM:	AGENCY/POLT. SUB: Sarpy County	
REVIEWED BY:	Claire Oglesby	DATE:	1/14/20 PHONE: (402) 471-4174
COMMENTS: No basis to disagree with Sarpy County's fiscal note.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 829	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue	
REVIEWED BY:	Claire Oglesby	DATE:	2/19/20 PHONE: (402) 471-4174
COMMENTS: Concur with Nebraska Department of Revenue's fiscal note statement.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 829	AM:	AGENCY/POLT. SUB: Lancaster County	
REVIEWED BY:	Claire Oglesby	DATE:	1/15/20 PHONE: (402) 471-4174
COMMENTS: No basis to disagree with Lancaster County's fiscal note.			

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2020

LB⁽¹⁾ 829 Change provisions related to in lieu of tax

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Game and Parks Commission

Prepared by: ⁽³⁾ Patrick H. Cole Date Prepared: ⁽⁴⁾ January 14, 2020 Phone: ⁽⁵⁾ 402-471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</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:

Currently the Commission pays an in lieu of tax payment on wildlife lands (WMA – Wildlife Management Areas) that have been acquired since January 1, 1977. Those payments totaled \$1,032,399.01 for 2018 holdings (the 2019 statements have not been completed at this time) covering around 72 thousand acres.

Currently those payments are the same as the real property taxes which would have been paid on the land if it were owned by a private owner. The value is determined by the county assessor pursuant statute as if it were being used for the use it had immediately before acquisition by the commission, excluding any improvements on the land either before or after acquisition.

The proposed language would require in lieu of tax payments on all wildlife lands ever acquired and at its highest and best use.

This would result in an increase in the in lieu of taxes by an estimated amount between \$546,235 and \$2,446,165 annually. The lower figure accounts for adding lands that were acquired prior to 1977 at the average county assessment rate, whereas the higher amount adds those same lands and calculates all lands at the current average maximum county assessment rates. The latter is an estimate of how the “highest and best use” could affect the rate. Highest and best use rates are unknown and will be county specific, but will be presumably above the county average rate.

Passage of the bill would require an A-bill to ensure adequate appropriations to cover the increased costs.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21 EXPENDITURES</u>	<u>2021-22 EXPENDITURES</u>
	<u>20-21</u>	<u>21-22</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2020

LB⁽¹⁾ 829

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Education

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/27/20 Phone: ⁽⁵⁾ 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</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 829 changes the value of land acquired for wildlife management purposes from its value before acquisition to the highest and best use value. This change would result in valuation changes for school districts and ESU's which could change state funding for TEEOSA. The amount of this change would likely be very minimal but cannot be determined at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2020

LB⁽¹⁾ 829

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Sarpy County

Prepared by: ⁽³⁾ William E. Conley Date Prepared: ⁽⁴⁾ 1/13/2020 Phone: ⁽⁵⁾ 402-593-5958

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</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:

Minimal to no fiscal impact on Sarpy County.

There is very little of this type of land in Sarpy County. We do not anticipate any increased cost to Sarpy County. The revenue could possibly increase, but revaluing the land to current market value is required to determine what that amount would be. The amount of revenue realized would be small.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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LB⁽¹⁾ 829

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Treasurer

Prepared by: ⁽³⁾ Kristen Anderson Date Prepared: ⁽⁴⁾ 1/14/19 Phone: ⁽⁵⁾ (402) 441-7409

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</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>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

No Fiscal Impact