PREPARED BY: DATE PREPARED: PHONE: Austin Ligenza February 8, 2021 (402)471-0050

LB 98

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 202	21-22	FY 2022-23				
	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 98 seeks to amend various provisions related to special valuation of land. LB 98 differentiates between counties of less than 100,000 inhabitants and counties with 100,000 or more. For counties with less than 100,000 inhabitants, special evaluation requires the following:

- The land must be outside of any sanitary and improvement district;
- The land must be considered agricultural or horticultural land;
- Land that is five contiguous acres or less must provide an IRS Schedule F document showing a profit or loss from farming in the past five years.

For counties with more than 100,000 inhabitants, special evaluation requires the land to be located outside of any city or village, in addition to the aforementioned requirements. Under LB 98, an exception is made for land included within city or village bounds if such land is subject to a conservation or preservation easement.

The Department of Revenue estimates no fiscal impact to implement LB 98. There is no basis to disagree with this estimate.

It is expected that LB 98 would create a need for more state aid to schools from TEEOSA. In school districts that are currently receiving aid, a reduction in the property tax base would require further aid from the state. This would create a General Funds expenditure increase. It's difficult to estimate the full impact that would be seen at the state level.

The Nebraska Association of County Officials (NACO) expects that LB 98 would result in a revenue loss for counties. NACO estimates that LB 98 will cause an increase in special valuations, leading to a reduction in the tax base in a given county. The assumptions made in this argument appear reasonable; there is no basis to disagree with this estimate.

ADMINIS	STRATIVE SE	RVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &	POLT. SUB. RESPONSE			
LB: 98	AM:	AGENCY/POLT. SUB: Department of Revenue				
REVIEWED BY:	Lee Will	DATE: 02/08/2021	PHONE: (402) 471-4175			
COMMENTS: Concur with Department of Revenue's assessment of fiscal impact to the State.						

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE							
LB: 98	AM:	AM: AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO)					
REVIEWED BY:	Lee Will	DATE: 01/15/2021	PHONE: (402) 471-4175				
COMMENTS: Concur with NACO's assessment of fiscal impact.							

LB 98 Fiscal Note 2021

State Agency Estimate						
State Agency Name: Department of Revenue Date Due LFO:						
Approved by: Tony Fulton Date Prepared: 2/5/2021 Phone: 471-5896						
	FY 202	1-2022	FY 202	2-2023	FY 202	3-2024
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	1					
Cash Funds						
Federal Funds						
Other Funds						
Total Funds						
·	•		•	•		•

LB 98 amends Neb. Rev. Stat. § 77-1344 to establish requirements for the special valuation of agricultural or horticultural land. In counties of less than 100,000 inhabitants, to qualify for special valuation, agricultural or horticultural land must be located outside the corporate boundaries of any sanitary and improvement district, and, if the land consists of five contiguous acres or less, an Internal Revenue Service Schedule F documenting must document a profit or loss from farming for two out of the last three years.

In counties of 100,000 inhabitants or more, the requirements for the special valuation of agricultural or horticultural land are the same except that agricultural or horticultural land within the corporate boundaries of a city or village may qualify for special valuation if the land is subject to a conservation or preservation easement as provided in the Conservation and Preservation Easements Act and the governing body of the city or village approves the agreement creating the easement.

LB 98 amends Neb. Rev. Stat. § 77-1347(2) to disqualify agricultural or horticultural land for special valuation if it fails to meet all qualifications under Neb. Rev. Stat. § 77-1344.

LB 98 may change the value of agricultural or horticultural land. This bill may have an effect on TEEOSA, which will have a corresponding impact on General Fund expenditures.

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

The operative date for this bill is January 1, 2022.

Major Objects of Expenditure							
Class Code	Classification Title	21-22 <u>FTE</u>	22-23 <u>FTE</u>	23-24 <u>FTE</u>	21-22 Expenditures	22-23 Expenditures	23-24 Expenditures
Benefits	Benefits.						
Operating Costs							
	Travel						
Capital Outlay							
Capital Improvements.							
Total							

LB ⁽¹⁾ 98					FISCAL NOTE		
State Agency OR 1	Political Subdivision Name: (2	Nebraska Association of County Officials (NACO)					
Prepared by: (3) Elaine Menzel		Date Pre	Date Prepared: (4) Phone: (
	ESTIMATE PROV	IDED BY STAT	E AGENCY	OR POLITICAL SUBDIVISI	ON		
	F	Y 2021-22		FY 202	2-9.3		
	<u>EXPENDITURI</u>		ENUE	EXPENDITURES	REVENUE		
GENERAL FUN	IDS						
CASH FUNDS		<u></u>					
FEDERAL FUN	DS						
OTHER FUNDS	<u></u>						
TOTAL FUNDS	<u> </u>						
Explanation of E	Estimate:						
1							
fiscal impact							
Personal Service		OWN BY MAJOI	R OBJECTS (OF EXPENDITURE			
		NUMBER OF Po	OSITIONS 22-23	2021-22 EXPENDITURES	2022-23 EXPENDITURES		
D C4 -							
1 0							
Capital improve	ments						