

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</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 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.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
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.			

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 98	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.			



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

**2021**

**LB<sup>(1)</sup> 98**

**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> \_\_\_\_\_ Phone: <sup>(5)</sup> 402.434.5660

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

	<u>FY 2021-22</u>		<u>FY 2022-23</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:**

Change provisions relating to agricultural or horticultural land receiving special valuation LB 98 would add additional situations in which special valuation could be applicable in counties with populations under 100,000. This would result in a lower valuation to the value of designated land and a reduction to the tax base of affected property within a county. Thus, it would result in a negative fiscal impact to counties.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____