

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 580 seeks to remove the requirement that for special valuation of agricultural or horticultural land the land needs to be outside the corporate boundaries of any sanitary and improvement district, city, or village.

The Department of Revenue (DOR) estimates no impact to General Fund revenues from this bill and no cost to it to implement the bill. There is no basis to disagree with these estimates.

The Tax Equalization & Review Commission estimates no fiscal impact from this bill. There is no basis to disagree with these estimates.

Political subdivisions could experience a revenue loss if agricultural or horticultural land would be taxed at special valuation levels inside the stated boundaries, as well.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 580	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Jacob Leaver	DATE: 2/24/2023	PHONE: (402) 471-4173	
COMMENTS: The Department of Revenue's estimate of no fiscal impact as a result of LB 580 to the agency seems reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 580	AM:	AGENCY/POLT. SUB: Tax Equalization & Review Commission	
REVIEWED BY: Jacob Leaver	DATE: 1/24/2023	PHONE: (402) 471-4173	
COMMENTS: No basis to dispute the Tax Equalization & Review Commission's estimate of no fiscal impact to the commission as a result of LB 580,			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 580	AM:	AGENCY/POLT. SUB: Douglas County Assessor	
REVIEWED BY:	Jacob Leaver	DATE: 1/27/2023	PHONE: (402) 471-4173
COMMENTS: No basis to dispute the Douglas County Assessor's estimate of indeterminable fiscal impact as a result of LB 580.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 580	AM:	AGENCY/POLT. SUB: Lancaster County Assessor	
REVIEWED BY:	Jacob Leaver	DATE: 1/19/2023	PHONE: (402) 471-4173
COMMENTS: No basis to dispute the Lancaster County Assessor's estimate of negligible fiscal impact to the county as a result of LB 580.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 580	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials	
REVIEWED BY:	Jacob Leaver	DATE: 1/24/2023	PHONE: (402) 471-4173
COMMENTS: No basis to dispute the Nebraska Association of County Officials' estimated minimal fiscal impact as a result of LB 580.			

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

2023

LB⁽¹⁾ 580

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Tax Equalization & Review Commission

Prepared by: ⁽³⁾ Rob Hotz Date Prepared: ⁽⁴⁾ January 24, 2023 Phone: ⁽⁵⁾ 402-471-2842

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2023

LB⁽¹⁾ 580

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Douglas County Assessor/Register of Deeds Office

Prepared by: ⁽³⁾ Michael Goodwillie Date Prepared: ⁽⁴⁾ 1/26/2023 Phone: ⁽⁵⁾ (402) 444-6703

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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 580 would remove a requirement for special valuation—a valuation preference for land used primarily for agricultural purposes when its value has some nonagricultural influences. That land is valued at 75% of its market value for agricultural purposes only—excluding the nonagricultural influence. In Douglas County, we value such land using data from sales in more agri-centric counties—every piece of agland that sells in Douglas has its price influenced by nonagricultural developmental influence. As an example, it is not uncommon for a piece of land out in the county to sell for \$50,000. Its value for agricultural purposes might only be \$4-5,000 an acre without the developmental influence. Currently, to be eligible for special valuation, the land cannot be in the incorporated limits of a city, village, or sanitary improvement district. If such land is annexed into one of those entities during the year, the property becomes disqualified for special valuation and the following year is valued using its full market value. If it is still being farmed, even if annexed, it would be valued at 75% of its “full” market value. Using the example above, agricultural land not in a city, village, or SID receiving special valuation might be valued at \$4,000 an acre. If annexed and farmed, because it is disqualified from special valuation, the value might be \$37,500 an acre (75% of full market, selling at \$50,000 an acre). So, depending on how many acres are involved, there is a significant difference in value between being in special valuation and being disqualified from receiving it.

LB 580 would remove the requirement that to receive special valuation, agricultural land cannot be located in a city, village, or SID. The reason for this requirement was that generally, annexation is a pretty reliable precursor to development (and removal from agricultural use). LB 580 would enable a parcel receiving special valuation to continue receiving it, even after annexation. While there may be some agricultural producers in Douglas County, receiving special valuation, that currently have significant valuation increases when their property becomes disqualified, in our experience the main beneficiaries of LB 580 will be developers who purchase land receiving special valuation and put it in an SID but are not yet ready to actually do work to develop the property. So it would enable them to benefit from an agricultural valuation preference, assuming the land is still farmed, right up until they take steps physically to take the property out of agricultural use.

Currently, we have one staffer doing agricultural valuation of property in Douglas County. There is so little of it here that we do not believe LB 580 would require any staffing changes and would have no fiscal impact on our office. We do think there might be some small impact on the valuation available for political subdivisions to tax because annexed agricultural land would continue to keep the lower special valuation that it had before it was annexed. That said, agricultural land in Douglas County, for 2022, had a total value of \$270 million. In comparison to the overall county valuation base of \$57.8 billion dollars, agricultural land is a very small piece. So LB 580 has no fiscal impact on our office and probably some small impact on political subdivisions although it is hard to predict what that will be without knowing what is going to be annexed going forward.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2023

LB⁽¹⁾ 580

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Assessor/Register of Deeds

Prepared by: ⁽³⁾ Dan Nolte Date Prepared: ⁽⁴⁾ January 19, 2023 Phone: ⁽⁵⁾ 402-441-8777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

This legislation would have negligible impact on the Assessor/Register of Deeds budget.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2023

LB⁽¹⁾ 580

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/25/2023 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

LB580 would eliminate the use of criteria for special valuation of agricultural or horticultural land to be outside the corporate limits of any sanitary and improvement district, city or village. The fiscal impact is anticipated to be negligible.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____