

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	219,107		81,038	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	219,107		81,038	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 593, section 4, prohibits an entity from acquiring or otherwise obtaining an interest, whether legal, beneficial, or otherwise, in title to real estate used for farming or ranching in this state or engage in farming or ranching. Subsection 2 of section 4 provides exceptions to this restriction.

Section 1 provides Legislative intent. Section 2 provides definitions.

Section 5 requires the Secretary of State to monitor the purchase of agricultural land by entities and the farming and ranching operations of the same. Violations of the act are to be reported to the Attorney General.

The Secretary of State estimates costs in the first year to be \$152,363 with ongoing costs of \$12,908. The vast majority of this estimate is for printing and mailing notices to entities. The Secretary of State estimates \$120,228 will be needed for this notification. This estimate assumes mailings sent to all active corporations (92,461) and trusts (37,946) at 37.5 cents per mailing. Furthermore, a 10% rate of return with a certified mailing follow-up is assumed at a cost of \$5.32 per mailing.

At first glance, these estimates appear to be high, since they include mailings to *all* active corporations and trusts. However, upon further questioning, the Secretary of State explained that the nature of a given entity's business is not necessarily determined by its name. For example, a bank would not typically engage in farming, however a bank may own land that it leases for farming activity. Under this scenario, the bank would have to be included in the mailing since "No entity shall...obtain an interest...in title to real estate used for farming or ranching." (Section 4) If the bank in this example owns title to the land and the land is being used for farming, the bank would be required to divest itself from the land within two years or bring an end to the farming activity on the land. For this reason, it is reasonable to estimate mailings being sent to all corporations and trusts registered with the Secretary of State.

The Attorney General is charged with commencing an action in district court to enjoin any pending illegal land purchase or livestock operation if he believes an entity is violating section 4 of the act. The Attorney General estimates the need for 2.0 FTE and related expenses to address the bill's provisions. Since the basis for additional staffing is tied to workload and the amount of work would be dependent on the number of violations, it is difficult to determine what the actual need will be. There may indeed be additional work associated with the bill's provisions, however it is likely that most violations will be resolved quickly and with minimal effort. For this reason, the table above includes funding at half the estimated amount for the Attorney General's office. This allows them to accommodate added workload without adding what may be ultimately unnecessary staffing based on the bill's provisions. If, as time progresses, the Attorney General realizes the need for additional staffing, that request can be made through the regular budget or deficit process.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	David J. Spatz	DATE	2/5/09	PHONE	471-4179
COMMENTS					
AGRICULTURE: Concur with Department of Agriculture's analysis and estimate of no fiscal impact. DEPARTMENT OF REVENUE: No basis to disagree with estimate of impact. SECRETARY OF STATE: Concur with Secretary of State's analysis and estimate of increased expenditures fiscal impact.					