PREPARED BY: DATE PREPARED: PHONE: Doug Gibbs February 12, 2015 402-471-0051

LB 293

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	5-16	FY 2016-17					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS	\$0		\$0					
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	\$0		\$0					

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

LB 293 amends Nebraska Revised Statutes to change the valuation percentage of agricultural and horticultural land.

Section 77-201 is amended to provide that agricultural land and horticultural land shall be valued at 65% of actual value. Currently it is valued at 75% of actual value. The same change is made for special valuation of agricultural land and horticultural land.

Section 77-5023 is amended to change the acceptable range of agricultural land and horticultural land for taxation purposes from the current range of 69% to 75% to the new range of 59% to 65%.

Section 77-1016 is amended to change adjusted valuation for school state aid purposes to 62% of actual value. The current adjusted valuation is 72%.

The bill has an operative date of January 1, 2016.

The changes proposed by LB 293 will increase the amount necessary to fund state aid in the Tax Equity and Educational Opportunities Support Act (TEEOSA) and will be an expenditure from the General Fund as follows:

FY2015-16: \$ 0 FY2016-17: \$ 0 FY2017-18: \$ 13,446,500 FY2018-19: \$ 13,980,000

The Department of Revenue indicates that cost to implement LB 293 will be minimal.

We agree with the Department of Revenue's estimate of cost.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: 293	AM:	AGENCY/POLT. SUB: Education					
REVIEWED BY	Y: Lyn Heaton		DATE: 2/17/2015	PHONE: 471-4181			
COMMENTS: The Department is correct that the bill would increase the amount of General Funds needed for TEEOSA							
equalization aid. For instance, it has been estimated that had this change been in place for calculation of TEEOSA aid for							
FY 2015-16 the additional cost would have been about \$27 million.							

LB (1)	293									FISCAL NOTE
State Ag	gency OR F	Political Su	bdivision Name: (2) [Dept o	f Educati	ion			
Prepare	ed by: (3)	Bryce V	Vilson	I	Date Pr	epared: ⁽⁴⁾	1/20/	15	Phone: (5)	402-471-4320
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CASH	FUNDS			<u> </u>			_			
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Benefit	s						_	-		
Travel.										
Capital	outlay									
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LB 293 Fiscal Note 2015

		State Agency	Estimate				
State Agency Name: Department of	Revenue				Date Due LFA:	2/17/2015	
Approved by: Len Sloup		Date Prepared:	2/17/2015		Phone: 471-5896		
	FY 2015-2016		FY 2016-2017		FY 2017-2018		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	1					1	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds							

LB 293 lowers the percentage of valuation for agricultural land and horticultural land from 75% of its actual value to 65% of its actual value. The valuation of agricultural land and horticultural land receiving special valuation would be lowered from 75% of actual value to 65% of its actual value.

The acceptable range of the level of value for agricultural land and horticultural land, whether receiving special valuation or not, would be lowered from 69% to 75% of actual value to 59% to 65% of actual value.

For calculating the state aid under TEEOSA, the value for agricultural land and horticultural land, whether receiving special valuation or not, would be lowered from 72% of actual value to 62% of actual value (the midpoint of the acceptable range).

It is estimated that reductions in property tax rates may result in higher costs to TEEOSA, which would have an impact on expenditures. The amount of the increase cannot be determined by the Department of Revenue.

It is estimated that there will be minimal costs to the Department to implement this bill.

This bill has an operative date of January 1, 2016.

Major Objects of Expenditure									
Class Code	Classification Title	15-16 <u>FTE</u>	16-17 <u>FTE</u>	17-18 <u>FTE</u>	15-16 Expenditures	16-17 Expenditures	17-18 Expenditures		
Benefits									
Operating Costs									
Travel									
Capital Outlay									
Aid									
Capital Improvemen									
Total									