

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	See Below	See Below	See Below	See Below

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

LB 699 seeks to make changes to eliminate property taxes of agricultural land, horticultural land, and commercial real property for school districts.

The bill would become operative on January 1, 2024.

The Department of Revenue (DOR) estimates no fiscal impact to it from the bill. There is no basis to disagree with this estimate.

The Lancaster County Assessor/Register of Deeds Office and the Nebraska Association of County Officials estimate programming costs to accommodate the change in taxing. There is no basis to disagree with these estimates.

Technical note: This bill does not amend section 79-1016 to account for this change in taxation for purposes of calculating local resources through the Tax Equity and Educational Opportunities Support Act (TEEOSA) formula. If TEEOSA funding is not changed, there would be a lack of state aid through TEEOSA compared to what is needed by school districts after the changes to valuations in this bill.

If TEEOSA funding is altered as a result of the bill, we estimate the following increase to General Fund expenditures for TEEOSA as a result of this bill's elimination of the mentioned taxes for school districts.

LB 699	All Funds FY2022-23	All Funds FY2023-24	All Funds FY2024-25	All Funds FY2025-26	All Funds FY2026-27
Baseline		1,080,392,260	962,525,877	978,651,485	1,000,666,912
Agland to 0% (tax year 2024)		1,080,392,260	962,525,877	1,530,439,145	1,559,979,338
Commercial to 0% (tax year 2024)		1,080,392,260	962,525,877	1,917,933,727	1,962,635,891
Agland to 0% (tax year 2024)			0	551,787,660	559,312,426
Commercial to 0% (tax year 2024)			0	387,494,582	402,656,553
Impact on TEEOSA, LB699		0	0	939,282,242	961,968,979

LB 699 would then create complications in its early stages with the timing for funding to school districts with valuations going to zero and values used to calculate state aid through TEEOSA.

Also, at current levies, the school districts would see a loss in revenue with the lower tax base as a result of this bill.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	699	AM:	AGENCY/POLT. SUB: Nebraska Department of Education
REVIEWED BY:	Gary Bush	DATE:	1/26/23 PHONE: (402) 471-4161
COMMENTS: Unable to comment on the fiscal impact because none was provided.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	699	AM:	AGENCY/POLT. SUB: Lancaster County Assessor
REVIEWED BY:	Gary Bush	DATE:	1/26/23 PHONE: (402) 471-4161
COMMENTS: No basis to disagree with the estimate provided by the Lancaster County Assessor. The General Funds shown in the fiscal note would county funds, not state funds.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	699	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials
REVIEWED BY:	Gary Bush	DATE:	1/26/23 PHONE: (402) 471-4161
COMMENTS: Unable to provide comment as no fiscal impact was provided.			

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

2023

LB⁽¹⁾ 699

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ NE Dept of Education

Prepared by: ⁽³⁾ Bryce Wilson Date Prepared: ⁽⁴⁾ 1/24/23 Phone: ⁽⁵⁾ 402-471-4320

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 699 eliminates agricultural, horticultural, and commercial land from being taxable for school district purposes. This bill would cause a significant shift to residential taxes for school districts. As this bill is currently written it does not adjust the agricultural, horticultural, or commercial valuation used to calculate TEEOSA so state aid would not be adjusted and would not be able to fill in the lost tax revenue for school districts.

There would be a decrease in the school district property tax credit resulting in additional revenue for the State. School districts would have a significant reduction in the property taxes they could generate locally. Overall fiscal impact cannot be determined at this time.

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⁾ 699

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dan Nolte Date Prepared: ⁽⁴⁾ January 23, 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	\$5000			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:
 Legislation would result in programming costs to implement

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⁾ 699

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/24/2023 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:

LB699 would modify the valuation of commercial real property to zero for purposes of taxes levied by school districts.

The fiscal impact would be to computer programming changes to accommodate the modification in the methodology of taxing.

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.....	_____	_____	_____	_____