

Updated for the 2014 Session. Includes any amendments adopted to-date.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
TRUST FUNDS	See below		See below	
TOTAL FUNDS				

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

Under LB 57, whenever the Environmental Trust Board receives a grant application from a non-public grantee that proposes to use the grant proceeds to purchase real property that will at any time be sold or transferred to a federal land management agency, the Board shall require the grant application to provide for the replacement of any decrease in property taxes received by the affected county. Tax replacement methods include but are not limited to “payments in addition to in lieu of taxes paid on the property to the county and the establishment of a permanent endowment fund”. If the grantee’s application includes a request for additional Environmental Trust Fund dollars to take care of the replacement of property tax revenue it will reduce the amount of funding available for the Trust’s typical grants, but will not impact the overall expenditures from the Trust Fund since the amount of money available to spend is unchanged.

For illustration, the Game and Parks Commission has indicated that there are five tracts of land purchased with grant funding that at some point will likely be transferred to the U.S. Fish and Wildlife Service and the National Park Service. In this case they estimate that \$375,000 would need to be deposited into a permanent endowment fund if this is the method chosen to generate replacement tax revenue. Please see the attached fiscal note from the Commission for more details.

Other provisions of LB57 establish a process to be followed if a non-public grantee uses grant funding from the Environmental Trust Fund to purchase real property and subsequently seeks to sell or transfer such property. This process includes contract language requirements, notice requirements and timelines to be adhered to in order to get approval from the Environmental Trust Board to execute the transaction. These provisions should not have a fiscal impact.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 57	AM: ER36	AGENCY/POLT. SUB: Nebraska Environmental Trust	
REVIEWED BY: Cindy Miserez		DATE: 12/13/2013	PHONE: 402-471-4174
COMMENTS: Based on history, an additional \$375,000 would have been required by the grantee. This could result in a larger grant request to the Nebraska Environmental Trust or a larger amount of matching funds from the grantee.			

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

2014

LB⁽¹⁾ 57 (ER 36)

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Game and Parks (Environmental Trust)

Prepared by: ⁽³⁾ Mark Brohman/Patrick Cole

Date Prepared: ⁽⁴⁾ 11/25/2013

Phone: ⁽⁵⁾ 402-471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</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:

The proposed legislation as amended establishes additional approvals and grant requirements for 'nonpublic grantee' grant applications associated with the acquisition of and potential sale or transfer of real property with grant funds.

The focus is on grant funded purchases that would subsequently be transferred to a federal land management agency resulting in the removal of the land from the tax rolls. It would require providing for the replacement of property taxes to the affected county. Tax replacement methods are suggested which could include the establishment of a permanent endowment fund. It is anticipated that the grant request would include an additional amount necessary to fulfill this requirement. The ability to transfer said properties is also dependent upon approval or inaction by the Trust board. The proposed legislation also provides for special meetings and voting by telephone or videoconference.

Based on history, Board approved grants have given rise to the transfer of one property every 6.5 years to a federal land management agency. These transfers have averaged 226 acres in size (average 35 acres per year). Assuming an estimated value of \$6,640/acre (current land values) and taxes of \$30/ac/year, an account would have to be established that would generate \$1,050 (\$30 x 35 acres) annually. At a 4% rate of return, at least \$26,250 would need to be invested annually. With the current rate closer to 2%, an annual investment of \$52,500 would be needed. This is an 'annualized' rate to match historic trends. Actual amounts would depend on the actual affected property within a given year.

Currently there are five tracts of land (498.69 acres) that will likely be transferred to the US Fish and Wildlife Service and National Park Service, although there is no definitive time frame. Under the proposed legislation, if these grants had been subject to the new requirements and they all passed to the federal agency in one year, an additional \$375,000 would have been required (498.69 acres x \$30/acre/yr with 4% rate of return).

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____