

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2019-20</b>		<b>FY 2020-21</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
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 183 amends property tax valuation provisions to provide that for purposes of school district taxes levied to pay principal and interest on bonds, agricultural and horticultural land and land receiving special valuation will be valued at 1% of its actual value. The bill also amends the acceptable range for these classes of property for review by the Tax Equalization and Review Commission to 0.75% to 1% of actual value or special valuation, respectively.

It is not possible to estimate the overall fiscal impact of LB 183. There is not expected to be a fiscal impact to General Fund revenue. However, there will be an impact to local school districts. For current bonds, for example, \$37.94 million is paid by owners of agricultural and horticultural land of the total \$233 million in taxes levied. Under LB 183, \$36.49 million of this would be shifted to owners of other types of property (residential, commercial and industrial, ag improvements, etc.) and \$1.45 million would continue to be paid by owners of agricultural and horticultural land. The current average statewide bond levy is \$0.095, which would increase to \$0.1582 under LB 183.

There are also distributional effects of the changes in the statewide averages. The changes will be more significant in school districts with a higher percentage of agricultural and horticultural property. Using current bonds, the maximum bond levy under the bill would be \$0.7919, and the minimum levy would be \$0.0341. Because of the disparate impacts of the bill on different school districts, it is not possible to estimate the impact on the amount or levies required for future bond issues.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 183	AM:	AGENCY/POLT. SUB: Department of Education	
REVIEWED BY: Lee Will	DATE: 1/22/2019	PHONE: (402) 471-4175	
COMMENTS: Concur with the Department of Education's assessment of fiscal impact.			

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**2019**

**LB<sup>(1)</sup> 183**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Education

Prepared by: <sup>(3)</sup> Bryce Wilson Date Prepared: <sup>(4)</sup> 1/16/19 Phone: <sup>(5)</sup> 402-471-4320

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

LB 183 reduces agricultural and horticultural land values to 1% of their special valuation for school district taxes levied to pay principal and interest on bonds.

There would be a significant shift of property taxes paid by agricultural and horticultural land to residential and commercial land in districts with bond principal and interest payments. There is no grandfather clause in this bill for bonds already in place thus existing bond obligations would be primarily paid by residential or commercial land. The decrease in valuations for agricultural and horticultural land would make it difficult to pass bonds in many districts. The exact fiscal impact cannot be determined.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

