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PREPARED BY: Sandy Sostad
DATE PREPARED: January 11, 2012
PHONE: 471-0054

LB 800

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
TRUST FUNDS		See Below		See Below
TOTAL FUNDS				

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

LB 800 relates to the establishment of the value of school lands that are offered for sale. Current law provides for the appraised value of school land to be established pursuant to section 72-257 or 72-258. These sections of law provide that land may be appraised for purposes of sale by a certified general real property appraiser and require that the land cannot be sold for less than appraised value. LB 800 changes the definition of appraised value for sale purposes to be the value as determined by the Board of Educational Lands and Funds (BELF).

Prior to the passage of LB 210 (2011), BELF was determining the appraised value of school land for sale purposes. The bill changed the process to require an appraisal by a real property appraiser prior to the sale of a parcel of land. Appraisals cost \$1,500. The cost of the appraisal is ultimately borne by the school land trust through reduced revenue from the sale of the land. The bill appears to eliminate the requirement for the appraisal which reduces expenditures by an unknown amount dependent upon the number of parcels of land offered for sale. Revenue from the sale of land is deposited in the Permanent School Fund, the interest from which is allocated to school districts on an annual basis.

It is unknown whether the appraised value as established by BELF in the future will be greater or less than what would have been established by a contracted property appraiser. However, BELF indicates that the sale value established by the board in the last year has been higher in all instances than the value determined by the appraiser and BELF has a fiduciary duty as a trustee to sell school land for the highest amount.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	William Scheideler	1/13/12	PHONE 471-2526
COMMENTS			
BD. OF EDUCATIONAL LANDS AND FUNDS – Concur. It may be worth noting that the Board has sold 10 parcels in each of the last three fiscal years and therefore any fiscal impact is negligible.			

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LB⁽¹⁾ 800 FISCAL NOTE

LEGISLATIVE FISCAL

State Agency OR Political Subdivision Name: (2) Board of Educational Lands and Funds – Division 1

Prepared by: (3) Cindy S.H. Kehling Date Prepared: (4) January 10, 2012 Phone: (5) 402 471-2014

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

Table with 4 columns: Fund Type, FY 2012-2013 EXPENDITURES, FY 2012-2013 REVENUE, FY 2013-2014 EXPENDITURES, FY 2013-2014 REVENUE. Rows include TRUST FUNDS, CASH FUNDS, FEDERAL FUNDS, OTHER FUNDS, and TOTAL FUNDS.

Return by date specified or 72 hours prior to public hearing, whichever is earlier. Explanation of Estimate:

State Statute 72-258.03 regarding the definition of "appraised value" was amended under LB210 during the 2011 Legislative Session. The amendment created a problem whereby BELF is now required to have a certified general appraisal completed on land to be sold...

State Statute 72-258.03 as currently written creates a substantial deterrent to anyone seeking to buy any of the Board of Educational Lands and Funds School Trust Land since they must pay the \$1,500 deposit for obtaining a certified general appraisal without knowing a sale value to determine desirability of purchase.

As a practical matter, the sale value recommended and established by the Board has been higher in all instances than the certified general appraisal value received from independent appraisers, hired during 2011 to comply with the appraisal requirement.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

Table with 4 columns: POSITION TITLE, NUMBER OF POSITIONS (12-13, 13-14), 2012-2013 EXPENDITURES, 2013-2014 EXPENDITURES. Rows include Benefits, Operating, Travel, Capital outlay, Aid, Capital improvements, and TOTAL.