

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		\$81,900,000		\$83,900,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$81,900,000		\$83,900,000

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

LB 71 creates the Agricultural Property Tax Credit Act.

The bill would provide a property tax credit from the state appearing in the form of a credit on the property tax statement of agricultural land and horticultural land. The credit would be disbursed to each county from the Agricultural Property Tax Relief Fund which is created by the bill.

The Agricultural Property Tax Relief fund receives revenue from a seven percent tax on the excessive sales price of agricultural land and horticultural land and is due from the purchaser of such land at the time the deed for the land is presented for recording. It is to be collected by the county register of deeds and remitted to the State Treasurer.

The excessive sales price is determined by subtracting the inflation-adjusted value of the land from the sales price of the land.

The inflation-adjusted value of the land is determined by taking the actual value of the land as used by the county assessor in the year 1993, adjusted by the cumulative percentage change of the Consumer Price Index published by the Federal Bureau of Labor Statistics from January 1, 1993 to the date of the sale of the land.

The dollar amount of the tax is determined by multiplying the excessive sales price amount by seven percent.

The amount of credit disbursed to each county is determined by multiplying the balance in the Agricultural Property Tax Relief Fund by the ratio of the real property valuation of all agricultural and horticultural land in the county to the real property valuation of all such land in the state. The county treasurer of each county then multiplies the amount disbursed to the county by the ratio of the valuation of the parcel to the total real property valuation of all such land in the county. The amount so determined is the property tax credit for the parcel. The county treasurer retains one percent of the receipts.

It seems to be assumed but it is not specified that the property tax credit is to be paid for from the Agricultural Property Tax Relief Fund.

The Department of Revenue indicates no impact to the General Fund. The Department estimates the impact to the Agricultural Property Tax Relief Fund as follows:

FY15-16:	\$81,900,000
FY16-17:	\$83,900,000
FY17-18:	\$86,000,000
FY18-19:	\$88,200,000

The Department indicates minimal costs to implement the provisions of LB 71.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

IMPACT TO POLITICAL SUBDIVISIONS:

Because the state would reimburse political subdivisions through the Agricultural Property Tax Relief Fund, there is no fiscal impact as a result of the credit granted in LB 71.

