

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2007-08</b>		<b>FY 2008-09</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS			128,045,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>			128,045,000	

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

LB 511 changes the valuation of agricultural and horticultural land, and creates a homestead exemption.

LB 511 reduces the level of valuation of agricultural and horticultural land from 75% to 65%, resulting in a \$3.2 billion reduction in valuation. This lower valuation would likely result in offsetting higher levies (subject to the levy limit) and shift roughly \$25 million of property taxes from agricultural to non-agricultural sectors.

Also, because of the loss of the lower taxable valuations, the Fiscal Office estimates that, under the current TEEOSA school aid formula, the amount of State Aid for equalized systems will increase by up to \$25,045,000 in FY09.

Furthermore, the bill exempts 10% of the average assessed value of a single family residential property in the claimant's county of residence from property taxation. This exemption applies to all homesteads and is to be reimbursed by the state. It is estimated that this legislation would increase the expenditure of the homestead exemption program as follows:

<u>Fiscal Year</u>	<u>Expense</u>
2007-08	
2008-09	\$103,000,000
2009-10	\$108,000,000
2010-11	\$113,000,000

**IMPACT ON POLITICAL SUBDIVISIONS:**

A loss in taxable valuations translates to a potential loss in property tax collections for political subdivisions. It is possible that some of this loss would be recovered by increasing tax levies to the extent that local political subdivisions are under the levy limit.