

Bill/Resolution No.: 1052 Amendment to: _____

Requested by: Legislative Council Date of Receipt: 12/28/82

Please estimate the fiscal impact of the above measure for:

State general or special funds Counties Cities

In the following space note the fiscal effect in dollars of this measure:

Narrative:

SEE ATTACHED NARRATIVE.

State Fiscal Effect:

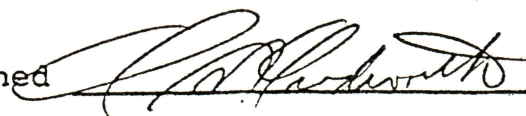
<u>1983-84</u>		<u>1984-85</u>		<u>Biennium Total</u>	
<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>

County and City Fiscal Effect:

<u>1983-84</u>		<u>1984-85</u>		<u>Biennium Total</u>	
<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>
None	None	+\$3,100,000	Less than +\$5,000	+\$3,100,000	Less than +\$5,000

If additional space is needed, attach a supplemental sheet.

Date prepared: 1/6/83

Signed 

Typed Name C. William Cudworth

Department Tax 

1/6/83

HB 1052 NARRATIVE

HB 1052 affects the valuation of agricultural land. If enacted, it would cause a lessor reduction in the statewide tax base than the reduction that would occur if it was not enacted.

Current law on levy limits expires after the 1982 tax year and mill levy limits will be in effect for 1983 and 1984 tax years.

Current law on agriculture land valuation provides that the 7½% capitalization rate will be replaced by a formula using the 5 year average Federal Land Bank interest rate. For the 1984 assessment, the capitalization rate will be 10.39%. Therefore, current law will result in a 14% reduction in the statewide tax base using 1981 assessment data.

HB 1052 will only have the effect of reducing the statewide tax base by 3.2% using 1981 assessment data. This reduction is caused by using an arithmetic average rather than a weighted average of the four years production and by using 40% net return on non-crop land instead of 50%. The result is that HB 1052 will provide a larger statewide tax base than current law will in 1984. With mill levy limits in effect rather than dollar limits on tax revenues, a larger tax base will permit counties to levy \$3,100,000 more in property taxes in 1984 for collection in 1985.

There is so little agricultural land within the cities that the fiscal impact to cities is judged to be negligible; therefore, the majority of the revenue gain would be for counties.