

FISCAL NOTE

	FY 2023	FY 2024	FY 2025
NON-ADMINISTRATIVE IMPACT			
Anticipated Revenue increase			
SCHOOL FOUNDATION FUND	\$0	\$148,000	\$148,000
AD VALOREM TAX	\$0	\$313,000	\$313,000
	FY 2023	FY 2024	FY 2025
NON-ADMINISTRATIVE IMPACT			
Anticipated Expenditure decrease)			
SCHOOL FOUNDATION FUND	\$0	(\$381,000)	(\$381,000)

Source of revenue increase:

This bill increases the income requirement for land to qualify as agricultural land to \$5,000, and thereby valued based on productivity. This \$5,000 income requirement would apply to both lands operated by the owner and lands operated by a lessee.

Source of expenditure increase:

The School Foundation Program (SFP) will experience both an entitlement expenditure decrease and recapture revenue increase from the 31 mill revenue increase in K-12 local resource to school districts. This impact is shown above as an expenditure decrease to the SFP.

Assumptions:

As the current application only asks the owner to sign a sworn statement that they have received the required income, the Department of Revenue (DOR) is unable to determine if specific properties would still qualify with the higher income requirements. County Assessors administer the classification.

Smaller acreages would be at the most risk of not meeting the new income requirements. There were 5,920 parcels of less than 35 acres consisting of 64,697 total acres valued as agricultural land statewide in 2021. The estimate reflected in the tables above assumes 20% of the current qualifying acres would fail to meet the new income requirements, assuming an estimated \$10,000 fair market value per acre. This is a very rough estimate as agricultural productivity values are determined by soil type and estimated fair market value changes annually. A more precise estimate cannot be determined based on the information available.

This bill is effective July 1, 2022. It is assumed the proposed increase in production requirements would apply to the valuation of property beginning in calendar 2023, impacting ad valorem tax revenues beginning in FY 2024.

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