

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$954,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$954,000	

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

LB 853 makes significant changes to the homestead exemption provided under 77-3508. LB 853 creates a new process for calculating the exempt amount for an eligible homestead.

LB 853 creates a new eligible taxpayer for the homestead exemption. Beginning January 1, 2023, any veteran who was honorably or generally discharged, and is 50% or more disabled but not totally disabled due to a non-service-connected accident or illness, shall be eligible for a homestead exemption, calculated based on household income of the claimant, as well as disability level. Under current law, only totally disabled veterans are eligible.

LB 853 provides an additional exemption calculation to be used for these newly eligible taxpayers. The initial process remains the same, with the exempt amount corresponding to a percent dependent on household income. This initial amount will then be multiplied by a percentage based on the level of disability the claimant has. This can be seen in the following table:

Disability percentage	Percentage multiplied to the initial exemption
>90% but less than totally disabled	90%
>80% and <90%	80%
>70% and <80%	70%
>60% and <70%	60%
>50% and <60%	50%

The Department of Revenue estimates that approximately 25% of non-service-connected disabled veterans in Nebraska will become eligible for the homestead exemption. This would increase General Fund expenditures as follows:

- FY22-23: \$0
- FY23-24: \$954,000
- FY24-25: \$936,000
- FY25-26: \$918,000

The Department of Revenue estimates minimal costs to implement LB 853. There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 853	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 1/19/2022	PHONE: (402) 471-4179
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 853 appears reasonable.		

This bill adds a new table to calculate the exempt amount for those claimants under Neb. Rev. Stat. § 3508(b)(v).

The Department of Revenue (DOR) used data from the Compensation and Pension by county 2019 report published by the U.S. Department of Veterans Affairs and estimated that the percentage of the 100% service-connected disabled rating over 50% to 100% service-connected disabled rating is approximately 25%. This 25% percentage was used for non-service-connected disabled veterans and estimated that LB 853 will increase the General Fund expenditures as follows:

FY2022-2023	\$	-
FY2023-2024	\$	954,000
FY2024-2025	\$	936,000
FY2025-2026	\$	918,000

It is estimated that LB 853 will require changes to the electronic homestead exemption program, the Homestead Exemption Application Form, the information guide, and other documents. These changes can be done with existing DOR staff. Therefore, there will be minimal costs to the DOR to implement this bill.

The operative date for this bill is three months after adjournment.