

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$19,591,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$19,591,000	

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

LB 126 seeks to allow homestead exemptions for veterans with at least 10% but less than 100% service-connected disability starting January 1, 2024. This would also apply to the unremarried surviving spouse of such veteran or a surviving spouse of such veteran who remarries after attaining the age of 57 years old. The amount of the exemption would be based on the disability percentage as follows:

Disability Percentage	Exemption of Veteran in Dollars	
At least 90% but less than 100% disabled	\$	1,000
At least 80% but less than 90% disabled	\$	900
At least 70% but less than 80% disabled	\$	800
At least 60% but less than 70% disabled	\$	700
At least 50% but less than 60% disabled	\$	600
At least 40% but less than 50% disabled	\$	500
At least 30% but less than 40% disabled	\$	400
At least 20% but less than 30% disabled	\$	300
At least 10% but less than 20% disabled	\$	200

The Department of Revenue (DOR) estimates the following increase in expenditures to reimburse political subdivisions for their reduced revenue as a result of this bill:

Fiscal Year	General Fund expenditures
FY2023-2024	\$ -
FY2024-2025	\$ 19,591,000
FY2025-2026	\$ 21,343,000
FY2026-2027	\$ 23,251,000

The DOR also estimates minimal costs to implement this bill.

There is no basis to disagree with these estimates by DOR.

The Nebraska Department of Veterans Affairs estimates no fiscal impact from this bill. There is no basis to disagree with this estimate.

The Lancaster County Assessor/Register of Deeds Office estimates that the bill will not have a major impact on the office while the Nebraska Association of County Officials notes that revenue lost by political subdivisions from the additional exemptions from this bill would be reimbursed by the state.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 126 AM: AGENCY/POLT. SUB: Nebraska Department of Revenue

REVIEWED BY: Ann Linneman DATE: 2-16-2023 PHONE: (402) 471-4180

COMMENTS: The Nebraska Department of Revenue's assessment of fiscal impact appears reasonable.

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 0% to 100% and including 100% service-connected disabled rating is approximately 10% (for every person with 100% disabled rating, there are nine persons between 0% to 100% disabled rating). In addition, based on the Compensation and Pension by county 2019 report, there are about 50% veterans with disabled rating between 0% to 100% disabled rating are over 65 years old. It is assumed that there are about 70% of the people who are over 65 years old that qualify for the Homestead Exemption Program. All of these statistics were used along with current homestead data and it is estimated that this bill will increase the General Fund expenditures as follows:

Fiscal Year	General Fund expenditures
FY2023-2024	\$ -
FY2024-2025	\$ 19,591,000
FY2025-2026	\$ 21,343,000
FY2026-2027	\$ 23,251,000

It is estimated that LB 126 will require changes to the electronic homestead exemption database, 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 DOR to implement this bill.

The operative date for this bill is January 1, 2024.

Please complete ALL (5) blanks in the first three lines.

2023

LB⁽¹⁾ 126

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Veterans Affairs (NDVA)

Prepared by: ⁽³⁾ Nicole S Zimmermann Date Prepared: ⁽⁴⁾ 1/10/2023 Phone: ⁽⁵⁾ 531-220-1433

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

"No Fiscal Impact"

LB 126 does not appear to have any impact to the workload for Nebraska Department of Veterans Affairs.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2023

LB⁽¹⁾ 126

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Assessor/Register of Deeds

Prepared by: ⁽³⁾ Dan Nolte Date Prepared: ⁽⁴⁾ January 13, 2023 Phone: ⁽⁵⁾ 402-441-8777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

This bill does not appear to have a major impact on this office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2023

LB⁽¹⁾ 126

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/13/2023 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 126 would exempt from taxation property based on the disability percentage of the veteran.

According to a U.S. Department of Veteran Affairs report, there were 43,465 disabled veterans in Nebraska. While the additional exemptions would result in a loss in tax revenues due to additional exemptions in property taxation, the county would certify to the Tax Commissioner the total tax revenue, including that incurred as a result of LB 126, that will be lost to all taxing agencies, including counties, from taxes levied and assessed in that year because of exemptions allowed that year. The State reimburses such amount to the counties on January 1 next following the certification.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	=====	=====	=====	=====