

Revised per AM2941 and AM3133

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$382,617		\$71,284,975	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$382,617		\$71,284,975	

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

LB 126 was amended by AM2941 and AM3133 on General File. AM2941 contains a modified version of LB 126 and the provisions of LB 1151. AM3133 contains the provisions of LB 1019. The details of the amendments are discussed below.

AM2941

Incorporates Provisions of LB 126 with Modifications and LB 1151

The amendment would make changes to the Homestead Exemption Program.

This aspect of the amendment would add the provisions from LB 1151 which would add the term “occupy” and define it.

The amendment would add to current statutes for the homestead exemption program of 77-3505, 77-3507, and 77-3508 that only claimants that received a homestead exemption under these sections in 2024 and every year thereafter would be eligible for a homestead exemption under these sections.

The amendment would add homestead exemption program changes under Section 9.

Under Section 9, homestead exemptions would be established for veterans and their spouses, those 65 years of age or older, individuals who have undergone amputation, and those with disabilities. The amendment would add under section 9 homestead exemptions for a veteran who was discharged or otherwise separated with a characterization of honorable or general (under honorable conditions, who is drawing compensation from the United States Department of Veterans Affairs because the veteran is at least 50% disabled due to a service-connected disability, and who is not eligible for total exemption under sections 77-3526 to 77-3528.

For 2025, for a married or closely related claimant under Section 9, the minimum amount of taxes on the homestead the claimant would pay would be \$1,200 and the maximum amount of taxes on the homestead the claimant would pay would be \$1,200 plus an amount that corresponds with the claimant’s household income. For a claimant with household income greater than \$100,000, the maximum amount of taxes on the homestead the claimant would pay would be the amount of taxes due if the homestead was valued at its actual value with \$100,000 subtracted from its actual value.

For 2025, for a single claimant under Section 9, the minimum amount of taxes on the homestead the claimant would pay would be \$1,200 and the maximum amount of taxes on the homestead the claimant would pay would be \$1,200 plus an amount that corresponds with the claimant’s household income. For a claimant with household income greater than \$70,000, the maximum amount of taxes on the homestead the claimant would pay would be the amount of taxes due if the homestead was valued at its actual value with \$100,000 subtracted from its actual value.

For exemption applications filed in calendar year 2026 and each calendar year thereafter, the income eligibility amounts would be adjusted by the percentage change in the Consumer Price Index for All Urban Consumers.

In order to qualify for exemption under Section 9, the value of the total household assets of a claimant at any point in the three years prior to the application would be equal to or less than \$1 million.

For any purchaser or new owner of property in a qualified census tract that would receive a homestead exemption for such property under Section 9, the property would be valued at 50% of its actual value for purposes of taxation for the year the property was purchased or acquired and for the four years immediately following the year the homestead was acquired.

AM3133

Incorporates Provisions of LB 1019

LB 1019 would make changes to add that the county assessor or county clerk would correct the assessment and tax rolls after the final order of an applicable administrative body or court in addition to correcting the assessment and tax rolls after action of the county board of equalization.

The DOR estimates the following increases to General Fund expenditures for the Homestead Program as a result of this bill:

Fiscal Year	Veteran Provision (New Category Created in AM 2941)	Other Provisions in AM 2941	Total
FY2024-2025	\$ -	\$ -	\$ -
FY2025-2026	\$ 23,802,000	\$ 47,457,000	\$ 71,260,000
FY2026-2027	\$ 26,534,000	\$ 50,352,000	\$ 76,890,000
FY2027-2028	\$ 28,781,000	\$ 53,440,000	\$ 82,220,000

The DOR also estimates a need for a one-time charge of \$382,617 to be paid to the Office of the Chief Information Officer (OCIO) for web development and \$24,975 annually after.

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

The Department of Veteran’s Affairs estimates no fiscal impact to it as a result of the bill. There is no basis to disagree with this estimate.

The Tax Equalization and Review Commission estimates no fiscal impact to it as a result of the bill. There is no basis to disagree with this estimate.

Political subdivisions are estimated to be reimbursed by the state for property tax losses as a result of changes to the Homestead Program under this bill. Counties are estimated to need additional staff to process additional applications for homestead exemptions under this bill and for IT costs connected to the provisions in AM2941.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 126	AM: 2941	AGENCY/POLT. SUB: Tax Equalization & Review Commission
REVIEWED BY: Neil Sullivan	DATE: 3/21/2024	PHONE: (402) 471-4179
COMMENTS: The Tax Equalization & Review Commission assessment of no fiscal impact from LB 126 as amended by AM 2941 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 126	AM: 2941	AGENCY/POLT. SUB: Department of Veterans Affairs
REVIEWED BY: Neil Sullivan	DATE: 3/21/2024	PHONE: (402) 471-4179
COMMENTS: The Department of Veterans Affairs assessment of no fiscal impact from LB 126 as amended by AM 2941 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 126	AM: 2941	AGENCY/POLT. SUB: Lancaster County Assessor
REVIEWED BY: Neil Sullivan	DATE: 3/21/2024	PHONE: (402) 471-4179
COMMENTS: The Lancaster County Assessor assessment of minimal fiscal impact from LB 126 as amended by AM 2941 appears reasonable.		

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

2024

LB⁽¹⁾ 126 AM2941 & AM3133

FISCAL NOTE

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

Prepared by: ⁽³⁾ Nicole S Zimmermann Date Prepared: ⁽⁴⁾ 3/21/2024 Phone: ⁽⁵⁾ 531-220-1433

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

"No Fiscal Impact"

LB 126 AM2941 & AM3133 have no fiscal impact to the Nebraska Department of Veterans Affairs.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2024-25 EXPENDITURES	2025-26 EXPENDITURES
	24-25	25-26		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2024

LB⁽¹⁾ 126, AM2941 and 3133

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel

Date Prepared: ⁽⁴⁾ 3/21/2024

Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</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, AM2941 replaces the original bill in its entirety. It would allow anyone under a homestead exemption to use the current exemption or apply for the new exemption outlined in the amendment.

Included within the amendment are provisions (sections 2 and 3) from LB 1151 (2024) that would provide the definition of "occupy" for the homestead exemption provisions for individuals.

A potential increase in qualified claimants under LB126, AM2941 would result in an unknown number of additional claims to process by county assessors and county boards of equalization. Further, additional record keeping/retention would be necessary.

Changes proposed by this legislation would necessitate approximately 250 hours of computer programming to fully implement the proposed changes. The programming of one computer company is approximately \$100/hour which would result in approximately \$25,000. Additionally, each year individuals responsible for implementing the legislative changes would need to adjust necessary due to increases in the CPI. Data entry to keep track of the new changes would be much the same as the current process.

The fiscal impact to counties would be minimal for portions of implementation.

LB126, AM3133, originally LB 1019, would require a county assessor or county clerk to correct the assessment and tax roll upon a final order of an administrative body or court. Currently, such actions can be taken only upon a final action of a county board of equalization. The fiscal impact to this provision is expected to be minimal.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</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.

2024

LB⁽¹⁾ 126 (AM3133 & AM2941)

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Tax Equalization & Review Commission

Prepared by: ⁽³⁾ Rob Hotz Date Prepared: ⁽⁴⁾ 3/21/24 Phone: ⁽⁵⁾ 402-471-2842

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</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.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</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.

2024

LB⁽¹⁾ 126, AM2941 and AM 3133

FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Goodwillie Date Prepared: ⁽⁴⁾ 3/21/2024 Phone: ⁽⁵⁾ (402) 444-6703

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$465,504.00</u>	<u>0</u>	<u>\$477,141.60</u>	<u>0</u>

LB 126, when it was initially introduced in 2023, would have added veterans with a more than ten percent but less than one-hundred percent disability rating, due to a service-connected disability, as a class eligible for the homestead exemption program. Currently, veterans with a 100% service-connected disability qualify for homestead exemption without regard to either their income or the value of their home. LB 126 would have provided for an exemption for a specific dollar amount for veterans with a service-connected disability, based on their disability rating. For example, a veteran with a 90% disability rating would be eligible for an exemption worth \$1,000 in taxes. AM2941 scraps that framework and makes significant changes to the homestead exemption program for those applying for homestead exemption beginning in 2025. AM3133 amends the bill as amended by AM2941.

AM3133 takes language from LB 1019 which was meant to amend the process for a county to change its records following a decision of an administrative agency (primarily the Nebraska Tax Equalization and Review Commission). Our office did a fiscal note for LB 1019 and determined that the change was a technical, administrative one that would have no fiscal impact on our office. Since the language of the amendment is exactly the same as LB 1019, we don't believe it will have any impact. For LB 126, the impactful amendment is AM2941 and I have included the text for the fiscal note on that amendment with this one since the direction of the Fiscal Note Administrator was to analyze the fiscal impact of the bill as amended.

AM2941 repeals a significant portion of the existing homestead exemption structure, including the section that determines eligibility and the amount of the exemption based on the value of the home. Currently, for a homestead applicant who is over 65 years old, the house for which the exemption was sought can be worth no more than 200% of the average value of a single-family residence in the county in which the applicant lives and the maximum exemption amount would be 100% of the average value of a single-family residence in that county. That leads to the conclusion that going forward, beginning in 2025, there will be no limits on homestead eligibility based on value. (One possible exception, AM 2941 limits eligibility for homestead by excluding those whose assets are equal to or exceed a million dollars at any point in the three years prior to application.)

The amendment creates a two-tiered system for homestead exemption, beginning in 2025. For those who apply for and qualify for homestead exemption in 2024, they will continue to qualify for homestead based on the income requirements currently in place. But beginning in 2025, there will be big changes for new applicants. So, as long as there are still some in the program from 2024, a two-tiered system for homestead and property tax billing for those in the program will have to be maintained. I have provided this information to the Douglas-Omaha Technology Commission (DOTComm) who does the homestead and billing programming for the county to get their thoughts on cost, but as of the writing of this fiscal note, have not gotten a response.

Here is what homestead will look like for the 2025 and after applicants:

--It adds veterans with a disability rating of 50% but less than 100% to the group that is eligible for homestead. (Currently, veterans with a 100% disability rating, their unremarried spouses, and their spouses who have remarried after reaching 57 are eligible)

--It provides for a minimum tax of \$1,200 for all applicants, even those who might have qualified for a full exemption and

would have paid no property taxes under the previous rules. As income increases, an additional tax amount is added, topping out at \$4,800 (for a maximum total tax of \$6,000) for married households with an income of between \$95,000 and \$100,000, and \$4,800 (for a maximum total tax of \$6,000) for single recipients whose income is between \$65,000 and \$70,000. For those who exceed the income limits (marrieds with over \$100,000 and singles with over \$70,000), their property taxes will be based on the full value of their home, less \$100,000 in value. The income tables that calculate the additional tax will be adjusted each year for inflation based on the CPI. So, just as the value eligibility limits are going away, the means test for homestead exemption based on income has been significantly changed. A married couple, in one of the homestead categories, can still receive a homestead benefit if their income exceeds \$100,000 (for singles, \$70,000). The remaining means test is that an applicant cannot have assets that exceed \$1,000,000 at any time during the three years prior to application.

--For purchasers of a home in a qualified census tract (an area where 50% of the households have an income below 60% of the area median gross income or a poverty rate of 50% or more) that receives a homestead exemption would be valued at 50% of its actual value for the year of acquisition and four years after that.

--Those receiving homestead under a disability category would only provide a certification of their disability in the first year of application and then, for the veterans categories would only provide a VA certification of their disability status in years divisible by five. For those in the other disability categories, the applicant would not have to in succeeding years, although an assessment office could ask for certification in subsequent years to be sure no change in medical condition has occurred.

In terms of costing the amendment, because of the changes to the means tests (value of the home, income of the applicant) there will be many more applications. If you are not a millionaire, but are married and have an income that even exceeds \$100,000, you will still get an exemption representing \$100,000 in value. At a 2.25% tax rate, that represents \$2,250 in taxes. So there will be more applicants in the existing categories, plus the addition of the veterans with a disability rating of between 50% and 100%. For 2023, there were 11,258 applicants who were over 65 years of age. That was 2% more than in 2022. Applying that to 2024, would mean approximately 11,500 applicants in that category. But in 2025, one would expect the number of applications to jump for two reasons. First, you will have no real income limits in play so if you were an over 65 homeowner, regardless of your income, you would file an application. Currently, there are 174,400 single-family homes in Douglas County with a value of \$950,000 or less (Assets of \$1 million will disqualify for homestead under the amendment). Multiplied by 14.3%, the percentage of seniors in Douglas County in the most recent census, means there are potentially a little more than 24,900 potentially eligible applicants. Subtracting the likely 11,500 2024 homestead applicants in the over-65 class, represents potentially 13,400 new applicants in that class. Plus, there will be the category of veterans with between a 50% and 100% disability rating. The Douglas County Veterans Affairs Officer has estimated that the county has approximately 7,363 veterans with a disability rating of less than 100%. He didn't have figures breaking down the level of rating but let's assume that more are at the higher end than at the bottom, there could be up to 5,000 in that category. Not all will own and occupy homes, but even if half of them do, that represents another 2,500 potential applicants. So, potentially, you could have close to 16,000 new applicants for homestead exemption.

Currently, we process close to 14,000 homestead exemption applications with nine staff members. If the impact of AM 2941 is to more than double the number of applicants, we think that will require the addition of ten (10) staff members to review and process those applications. Since the law will take effect as of January 1 of 2025 and homestead applications can be filed after February 2, that staff would need to be hired and trained in the latter half of 2024 and be ready to receive and review applications very early in 2025. This additional staffing/cost does not include programming staff and costs from DOTcom.

There will undoubtedly be significant programming costs—for billing you would have to keep track of the additional tax to be applied based on income and program the system to bill it properly. Plus, there would be the programming for the parcels in a qualified census tract. We have not yet heard back from Dotcom on that aspect.

Estimating tax loss (and state reimbursement) is difficult because all of the 2025 applicants will have a minimum tax of \$1,200, which would diminish the tax loss. That said, the maximum tax will be \$6,000 for those whose incomes are within the table provided in the amendment. At a 2.25% tax rate, that represents a little more than \$266,000 in value, which is close to the average value of a single-family home for 2023 in Douglas County. That means that there would be no additional property taxes on homes with a value in excess of that amount. So there will be a considerable amount of value that will go untaxed. As an example, on a \$600,000 home, a home that would not be eligible for homestead exemption under the current structure, the tax loss would be \$7,500 (\$13,500 in taxes at a 2.25% rate minus the maximum tax of \$6,000). Plus, even "higher income" households that would be ineligible under the current structure, would still qualify for at least \$2,250 in homestead exemption. (\$100,000 x .0225). The minimum tax would mitigate it, a little, but in the end, beginning in 2025, the tax loss for political subdivisions (and state reimbursement) will be significantly higher than in previous years. To get an accurate handle on what the taxes would actually look like under AM2941, you would have to have a better handle than is available to this office on the income information of potential applicants in order to determine what the "additional tax" would look like.

As a point of reference, the “tax loss” for state reimbursement in Douglas County for 2023, reported on the County’s Certificate of Taxes Levied, was \$40,914,046, split among all of the political subdivisions that levy property taxes in Douglas County. Understanding that this is very rough, we took the median household income as reported in last census for Douglas County of \$76,083 and used a projected average value of a single-family home in the County for 2025 of \$280,000 (It was \$253,990 for 2023. An increase of a little more than 10%, two years ahead, is not unrealistic given what we’ve seen in the market.) For married applicants under AM2941, that income level adds \$2,700 additional property taxes to the \$1,200 minimum for a total of \$3,900 in property taxes. Currently, the taxes on a \$280,000 house at a \$2.25% rate are \$6,300. So for an average value home in the county in 2025, for a household with a median income, the tax loss would be \$2,400. There will be instances where the applicant is single, or the home value will be larger or smaller, or the income level will be larger or smaller. Absent more detailed demographic and income information, it is hard to project what that tax loss would be. But, running with this as an average, multiplied by the potential number of new applicants of 16,000 creates a potential “tax loss” to be reimbursed by the State of Nebraska, of \$38,400,000 for the new applicants in 2025, nearly doubling the existing tax loss for the population already in the program. If these funds are reimbursed to the political subdivisions, then there won’t be lost revenue to them. But should that change, then it could result in a significant shortfall in terms of what those subdivisions can raise through their property tax levies.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Assessor Support Tech	10	10	\$465,504.00	\$477,141.60
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

LB 126 AM 2941 AM 3133 creates new categories for the homestead exemption program in addition to duplicating previous homestead exemption categories in Section 9. Section 9(2)(a) allows veterans who were discharged or otherwise separated with a characterization of honorable or general (under honorable conditions) who are drawing compensation from the United States Department of Veterans Affairs (VA) because the veteran is at least 50% disabled due to a service-connected (SC) disability. Section 9(2)(b) allows an unremarried surviving spouses, or a surviving spouse who remarries after becoming 57 years old, of a veteran in Section 9(2)(a) to apply for a homestead exemption. Currently, only veterans who are 100% disabled, or their surviving spouses, are eligible for the homestead exemption.

LB 126 AM 2941 AM 3133 subjects all categories of the homestead exemptions in Section 9 to income limits contained within Section 9(3)(a). The income limitations are different for a single claimant compared to a married or closely related claimant. For a married or closely related claimant, the minimum amount of taxes on the homestead the claimant must pay is \$1,200 and the maximum amount of taxes is \$1,200 plus an amount dependent upon the household income. The scale begins with \$0 through \$38,909 in household income paying \$0 extra to applicants with \$95,000 through \$100,000 paying \$4,800 extra. Applicants whose income is greater than \$100,000 pay taxes on the actual value of their home minus \$100,000 from the actual value. For a single claimant, the minimum amount of taxes the claimant will pay is \$1,200 and the maximum amount of taxes is \$1,200 plus an amount dependent upon the household income. The scale begins with \$0 through \$27,236 in household income paying \$0 extra to applicants with \$66,501 through \$70,000 paying \$4,800 extra. Applicants whose income is greater than \$70,000 pay taxes on the actual value of their home minus \$100,000 from the actual value.

Currently, not every category for the homestead exemption is subject to income limitations. LB 126 AM 2941 AM 3133 requires all categories of the homestead exemption under Section 9 to be subject to income limitations.

The household income brackets listed in Section 9 of LB 126 AM 2941 AM 3133 are subject to adjustment in future years based on the percentage changes in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics as well as adjusted for cumulative inflation since 2025. These are the same adjustments currently made to income limitations in the homestead program.

LB 126 AM 2941 AM 3133 creates a requirement that the total household assets of a claimant three years prior to the application be equal to or less than \$1 million. Currently, this is not a requirement for applicants.

LB 126 AM 2941 AM 3133 creates a requirement that qualified claimant's applications (age 65 or older) must include documentation that shows the applicant has begun receiving social security benefits, railroad retirement benefits, benefits from the Civil Service Retirement System, or benefits from any other retirement system that does not include social security as a retirement component. Currently, this is not a requirement for applicants.

LB 126 AM 2941 AM 3133 requires that for any purchaser or new owner of property in a qualified census tract that receives a homestead exemption in Section 9, the property will be valued at 50% of its actual value for purposes of taxation for the year the property was purchased or acquired and for the four years immediately after their acquisition of the property.

LB 126 AM 2941 AM 3133 makes several changes throughout the remainder of the homestead statutes to incorporate the newly created Section 9 any time there is reference to statutes containing the current homestead categories.

To estimate the fiscal impact of LB 126 AM 2941 AM 3133 on General Fund expenditures, the Department of Revenue (DOR) leveraged data from several sources. This included Public Use Microdata Sample (PUMS) data from the Census, the U.S. Department of Veterans Affairs' 2020 "Compensation and Pension by County" report, data from the Census Tract defined by U.S. Department of Housing and Urban Development and current homestead population data. Based on all these analyses, DOR estimated that LB 126 AM 2941 AM 3133 will have the following impact on the General Fund expenditures:

Fiscal Year	Veteran Provision (New Category Created in AM 2941)	Other Provisions in AM 2941	Total
FY2024-2025	\$ -	\$ -	\$ -
FY2025-2026	\$ 23,802,000	\$ 47,457,000	\$ 71,260,000
FY2026-2027	\$ 26,534,000	\$ 50,352,000	\$ 76,890,000
FY2027-2028	\$ 28,781,000	\$ 53,440,000	\$ 82,220,000

LB 126 AM 2941 AM 3133 will require a one-time charge of \$382,617 paid to OCIO for web development in the first year, with \$24,975 annually after.

The operative date for this bill is January 1, 2025.

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

2024

LB⁽¹⁾ 126, AM2941, AM3133

FISCAL NOTE

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

Prepared by: ⁽³⁾ Cori Beattie Date Prepared: ⁽⁴⁾ 03/21/2024 Phone: ⁽⁵⁾ 402-441-7463

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</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:

The proposed legislation and amendments do not appear to have a large fiscal impact on this office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____