

Revised per AM3404

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	\$20,313		\$317,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$20,313		\$317,000	

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

LB 126 was amended by AM3404 on Select File. AM3404 strikes the original provisions of ER108 and makes changes to the homestead program like the original provisions of LB 126. AM3404 also contains the provisions of LB 1151 and LB 1019. The details of the amendment are discussed below.

AM3404

Incorporates Provisions of LB 1019

This aspect of the amendment 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.

Incorporates Provisions of LB 126 with Modifications and Provisions of LB 1151

This aspect of 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. Occupy would mean to reside on a property with the intention of maintaining the property as the owner’s primary residence. A departure from the property for reasons of health or legal duty would not disqualify the owner of the property from receiving an exemption under sections 77-3501 to 77-3529 and section 3 of the act, so long as the owner demonstrates an intention to return to the property.

This aspect of the amendment would add that for homesteads valued at or above the maximum value, the exempt amount would not be reduced and the homestead would remain eligible for an exemption under section 77-3507 or 77-3508 for the current year if the homestead:

- Received an exemption under section 77-3507 or 77-3508 in the previous year;
- Was valued below the maximum value in such previous year; and
- Is not ineligible for an exemption under section 77-3507 or 77-3508 for any reason other than exceeding the maximum value by \$20,000 or more

If a homestead remains eligible for an exemption under the new criteria for homesteads at or above maximum value, listed above, the homestead would continue to be eligible for each year thereafter unless the homestead is not eligible for such exemption for any reason other than exceeding the maximum value by \$20,000 or more.

The percentage of the exempt amount for a homestead for any year such homestead is valued at or above the maximum value and remains eligible for exemption under this change to exemptions under this bill would be equal to the percentage of the exempt amount for the homestead in the last year the homestead received an exemption under section 77-3507 or 77-3508 and was valued below the maximum value.

If the homestead’s increase in value from the previous year to a value at or above the maximum value is due to improvements to the homestead, this change to exemptions under this bill would not apply to that homestead.

The bill would become operative on January 1, 2025.

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

- FY 2024-25: \$0
- FY 2025-26: \$317,000
- FY 2026-27: \$503,000
- FY 2027-28: \$703,000

The DOR also estimates a one-time charge of \$20,313 to be paid to the Office of the Chief Information Officer (OCIO) for web team costs to update the homestead application.

There is no basis to disagree with these estimates.

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.

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

2024

LB⁽¹⁾ 126, AM3133, AM2941, AM3404 to E&R108

FISCAL NOTE

State Agency OR Political Subdivision
Name: ⁽²⁾

Nebraska Association of County Officials (NACO)

Prepared by: Elaine Menzel
⁽³⁾

Date Prepared: 4/11/2024
⁽⁴⁾

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⁽⁵⁾

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:

LB126, AM313 and AM2941 are stricken by LB126, AM3404 to E&R108 and the following provisions are inserted.

LB126, AM3404 (section 1), 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 of this provision is expected to be minimal.

LB126, AM3404 replaces the original bill in its entirety. Included within the amendment are provisions (sections 2, 3, 5, 6, 7, 8, 9, 10 and section 11) from LB 1151 (2024) that would provide the definition of "occupy" for the homestead exemption provisions for individuals. This addition is not anticipated to have a fiscal impact.

Pursuant to LB126, AM3404 (section 4), individuals would keep their homestead exemption amount for those homesteads valued at or above the maximum value, if the homestead: (i) received an exemption in the previous year; (ii) was valued below the maximum value in such previous year; and (iii) is not ineligible for any other statutory reason. If a homestead remains eligible for an exemption for any year, the homestead shall continue to be eligible for each year thereafter unless the homestead is not eligible for such exemption for any reason other than the exemption described earlier in this paragraph. The percentage of the exempt amount for a homestead for any year such homestead is valued at or above the maximum value and remains eligible for exemption shall be equal to the percentage of the exemption in the last year the homestead received an exemption and was below the maximum value. If the homestead's increase in value from the previous year to a value at or above the maximum value is due to improvements to the homestead, this subsection shall not apply to such homestead. Additional record keeping/retention for assessors would be necessary; however, there is no fiscal impact expected.

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.....	_____	_____	_____	_____

exempt amount for the homestead in the last year the homestead received an exemption under section 77-3507 or 77-3508 and was valued below the maximum value.

LB 126 AM 3404 makes the additions in Section 4 not apply to homesteads whose value increase above the maximum value is due to improvements to the homestead.

It is estimated that LB 126 AM 3404 will have the following impact on the General Fund expenditures:

Fiscal Year	General Fund Expenditures
FY24-25	\$ -
FY25-26	\$ 317,000
FY26-27	\$ 503,000
FY27-28	\$ 703,000

LB 126 AM 3404 will require a one-time charge of \$20,313 paid to the OCIO for web team costs to update the homestead application.

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