

Revised per response from the Dept. of Revenue

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$136,458		\$836,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	\$136,458		\$836,000,000	

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

LB 22 would make changes to the Homestead Exemption Program.

Under the bill, all homesteads in the state would be assessed for taxation the same as other property, except that commencing January 1, 2025, there would be exempt from taxation of homesteads the first \$100,000 of the actual value of the homestead.

The exemptions in sections 77-3506, 77-3507, and 77-3508 would be in addition to the exemption under this bill.

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

- FY25: \$0
- FY26: \$836,000,000
- FY27: \$857,000,000

The DOR also estimates a one-time programming charge of \$136,458 to be paid to the Office of the Chief Information Officer (OCIO) as a result of the bill.

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

The Douglas County Assessor/Register of Deeds Office estimates additional staff needed due to the expected increase in applications for the Program. The Lancaster County Assessor/Register of Deeds Office also estimates a need for additional staff and IT costs as a result of the bill. The 1% of the total reimbursement from the state to political subdivisions retained in the county general fund would help counties cover costs connected to the expansion of the Program under this bill.

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

2024

LB<sup>(1)</sup> 22—Special Session

FISCAL NOTE

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

Prepared by: <sup>(3)</sup> Michael Goodwillie Date Prepared: <sup>(4)</sup> 7/31/2024 Phone: <sup>(5)</sup> 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	<u>\$1,163,700</u>	<u>                    </u>	<u>\$1,192,865</u>	<u>                    </u>
CASH FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FEDERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
OTHER FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL FUNDS	<u>\$1,163,700</u>	<u>                    </u>	<u>\$1,192,865</u>	<u>                    </u>

Explanation of Estimate:

LB 22 would use the vehicle of homestead exemption to provide an exemption from property taxes for the first \$100,000 in value for all owner-occupied residences. This exemption would apply regardless of the income of the applicant or the value of the house—the two “means-testing” provisions of the current homestead exemption program. The property owner would have to be the owner of record and reside in the property between January 1 and August 15 and there is an annual application requirement. The “tax loss” for the political subdivisions would be reimbursed by the state.

In reviewing the potential impact of LB 22, our office does not monitor who actually lives in a dwelling. So, as an approximation of owner-occupancy, we used properties where the owner’s mailing address and the property address were the same. There are currently 143,132 properties that fit that description in Douglas County. That is the universe of potential applicants/recipients. Currently, there are 13,712 properties that are currently receiving a full or partial homestead exemption. Since all fit the category of owner-occupants, subtracting that number from the total number of owner-occupied properties would leave 129,420 potential new applicants.

In terms of administrative costs, processing up to 129,200 new homestead applicants would require additional staff. To give you an idea of what that might look like, our office gets 14,000-15,000 homestead applications every year and they are processed by nine staffers. Adding potentially close to 130,000 new applications would require considerable investments in staff to process and review the applications. There may be ways to streamline the process but there will be similar issues for these applicants that we deal with in our current homestead review—Who actually owns the home and has the applicant lived there during the residency period required by the homestead statutes—that will require more review than simply a rubber stamp of every application that comes in. Our office estimates a minimum of 25 new staffers.

As for the value of the exemption and potential tax loss, since there could be up to 129,200 new applications, the amount of value could be up to \$12,920,000,000, when the number of potential new applicants is multiplied by \$100,000. That is likely to be a bit high—there will be some homesteads with a value of less than \$100,000. But given the market for single-family residences in Douglas County, that number is getting ever smaller. That figure, when multiplied by a tax rate of 2.245 percent, would result in a potential tax loss of \$290,054,000 that would be subject to state reimbursement.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b><u>POSITION TITLE</u></b>	<b><u>NUMBER OF POSITIONS</u></b>		<b><u>2024-25</u></b>	<b><u>2025-26</u></b>
	<b><u>24-25</u></b>	<b><u>25-26</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>EXPENDITURES</u></b>
Assessor Support Tech	25	25	\$1,163,760	\$1,192,865
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$1,163,700</b>	<b>\$1,192,865</b>



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

**2024**

**LB<sup>(1)</sup> 22 Special Session**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Elaine Menzel Date Prepared: <sup>(4)</sup> 7/29/2024 Phone: <sup>(5)</sup> 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	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

LB 22 would expand the current homestead exemption program by assessing all homesteads for taxation the same as other property, except beginning January 1, 2025, the first \$100,000 of the actual value of the homestead shall be exempt.

After reviewing the number of residential improvement records and agricultural with home site improvement records using the most available CTL data, we then multiplied the number of records by \$100,000 to estimate the loss in taxable valuation. We then multiplied the county amounts by the 2023 Levy to estimate the lost county revenue. Also, we checked this figure using 2020 census data for owner-occupied housing.

The estimate of the proposed exemption would result in a reduction of taxable valuation somewhere between \$50,702,100,000 and \$68,422,900,000. We also estimate that the proposed exemption would result in lost county revenue somewhere between \$148,215,991 and \$200,087,053.

**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.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

