

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2018-19</b>		<b>FY 2019-20</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$0		\$1,352,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$0</b>		<b>\$1,352,000</b>	

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

LB 939 amends Nebraska Revised Statutes regarding the homestead exemption.

Section 77-3502 is amended to change the definition of “homestead” to now include a dwelling complex and any related amenities located on a U.S. Department of Defense military installation if:

- The owner of record of the land upon which such installation is situated is the U.S. Government or any instrumentality thereof;
- Such complex and amenities are developed pursuant to a federal military housing privatization initiative; and
- Such complex and amenities are provided primarily for use by military personnel of the United States and, as applicable, their families.

Section 77-3503 is amended to expand the definition of “owner” to include a resident of a dwelling complex that constitutes a homestead as defined in subdivision (4) of Section 77-3502 (see above).

Section 77-3506 is amended to provide that there shall be exempt from taxation on any homestead as defined in subdivision (4) of Section 77-3502 (see above), 100% of the exempt amount, except that the amount exempt under this subdivision is to be reduced by a percentage equal to the total number of residential units within the dwelling complex that are unoccupied or that are not occupied by military personnel or their families, divided by the total number of residential units within the dwelling complex.

The record title owner is to calculate the percentage described above as of January 1 of each year and provide the percentage to the county assessor as part of the application or certification.

NOTE: Occupancy between January 1 and August 15 is normally required for eligibility for the homestead exemption. Under the provisions of LB 939, occupancy would only be required for one day. Technically, the units could be vacant for the rest of the year and still qualify.

In addition, the record title owner would be required to make an in lieu of taxes payment in an amount equal to the amount of property taxes that would be payable to school districts. The payment is to be made to the county treasurer of the county in which the school district is located and distributed by the county treasurer to the school district.

The Department of Revenue notes that because this exemption is placed with the homestead exemption statutes, Section 77-3523 also requires the county treasurer to certify the entire loss to all taxing agencies because of these exemptions. This loss is then reimbursed from the state’s General Fund. Therefore, schools would receive both direct reimbursement of the homestead exemption from the General Fund and the payment in lieu of taxes required by LB 939. Other taxing entities will receive only the direct reimbursement from the General Fund.

The Department of Revenue estimates the following increase in General Fund expenditures as a result of LB 939:

FY2018-19:	\$	0
FY2019-20:	\$	1,352,000
FY2020-21:	\$	1,417,000
FY2021-22:	\$	1,485,000

The Department of Revenue indicates minimal cost to implement the provisions of LB 939.

We have no basis to disagree with the Department of Revenue’s estimate of fiscal impact and cost.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 939	AM:	AGENCY/POLT. SUB: Dept. of Revenue
REVIEWED BY: Lyn Heaton	DATE: 2/20/2018	PHONE: <a href="tel:4024714181">(402) 471-4181</a>
COMMENTS: No basis upon which to disagree with the Department of Revenue's analysis.		

