

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB732 exempts from taxation the first \$25,000 value of single-family residential property. This includes duplexes designed for occupancy by two families.

Based on the Dept of Revenues estimate of 727,850 properties subject to this exemption, approximately \$18 billion of residential valuation would be exempted. The reduction in property taxes levied and thus a revenue loss to local governments will depend on the extent that the property tax levy can increase to offset the loss in taxable valuation within the existing levy limits. As the amount of such shift is unknown, the property tax reduction and revenue loss to local governments is estimated at \$352 million assuming no shift.

Because the bill simply exempts the first \$25,000 of actual value but does not change the valuation itself, there is no impact on TEEOSA school aid. The amount of valuation subject to the local effort rate in the formula remains unchanged. If the \$25,000 exemption had reduced the overall valuation however, there would have been a \$158 million increase in TEEOSA aid.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	2/12/08	PHONE	471-2526
COMMENTS					
DEPT. OF EDUCATION – The bill appears to exempt from property taxation the first \$25,000 of the actual value of a homestead. It is assumed such an exemption would lower property tax receipts for local governments, including school districts. The bill does not lower valuations. The bill does not, however, appear to change the process of adjusting valuation by the Department of Revenue. Therefore, it is also assumed the bill would not change adjusted valuations for purposes of calculating equalization aid. No fiscal impact to the Department of Education.					