PREPARED BY: DATE PREPARED: PHONE: Keisha Patent February 22, 2022 402-471-0059

**LB 1080** 

Revision: 00

## **FISCAL NOTE**

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2022-23		FY 2023-24			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS						
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS						

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

LB 1080 amends provisions related to the homestead exemption regarding application frequency, certification of medical status, mailing of notice by county assessors, and penalties for failing to notify of a change in status. The bill also creates a new category of eligible veteran: veterans who were discharged honorably, drawing compensation from the US Department of Veterans Affairs because of a 100% service connected temporary disability and not eligible under the other enumerated categories; an unremarried spouse of such veteran; or a remarried spouse of such veteran who remarries after attaining the age of 57.

The Department of Revenue estimates no additional General Fund expenditures due to the created eligibility category because the persons described are already eligible under another enumerated category. The department also estimates minimal costs to implement the bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 1080	AM:	AGENCY/POLT. SUB: Depart	AGENCY/POLT. SUB: Department of Revenue			
REVIEWED BY: Neil Sullivan		DATE: 2/22/2022	PHONE: (402) 471-4179			
COMMENTS: No basis to disagree with the Department of Revenue assessment of minimal fiscal impact from LB 1080.						

LB 1080 Fiscal Note 2022

State Agency Estimate						
State Agency Name: Department	of Revenue				Date Due LFO:	
Approved by: Tony Fulton	Approved by: Tony Fulton Date Prepared:  FY 2022-2023		2/18/2022 Phone: 471-5896			
			FY 2023-2024		FY 2024-2025	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$0		\$0		\$0	
Cash Funds						
Federal Funds						
Other Funds					_	
Total Funds	\$0		\$0		\$0	

The Homestead Exemption Act is amended to add another category of potential applicants requiring an application once every five years for certain disabled veterans, and it makes the certification of medical status necessary to be submitted once every five years. The bill also adds additional taxes, penalties, interest, and forfeiture of the homestead exemption as consequences for any benefits from the homestead exemption under Neb. Rev. Stat. § 77-3506(2)(a) when the applicant fails to inform the county assessor of a change in veteran status.

Section 1 of LB 1080 amends Neb. Rev. Stat. § 77-3506(2)(a) to add "permanent" to the disability status associated with an honorably discharged veteran receiving compensation from the Veteran Affairs (VA) because of a 100% service-connected disability who is not eligible for a total exemption by having a home substantially contributed to by the VA.

LB 1080 creates a new category of exemption for honorably discharged veterans receiving compensation from the VA because of a 100% service-connected temporary disability and who is not eligible for exemption by having a home substantially contributed to by the VA, an unremarried spouse of such veteran or a surviving spouse of such a veteran who has remarried after reaching the age of 57 years under Neb. Rev. Stat. § 77-3506(c).

Regarding the frequency of a homestead exemption application and certification of medical status, LB 1080 requires veterans exempted by Neb. Rev. Stat. § 77-3506(2)(a) to apply once every five years instead of annually and a certification of status is to be included with those applications. This contrasts with the other groups of individuals exempted by Neb. Rev. Stat. § 77-3506(2) which are required to apply annually for the homestead exemption and include a certification of status once every five years.

Section 2 of LB 1080 amends Neb. Rev. Stat. § 77-3512 to reflect the change made in Neb. Rev. Stat. § 77-3506(2)(a) that requires certain disabled veterans to apply only once every five years. It is also amended to clarify that failure to submit an application is a wavier of the exemption for the year in which the failure to submit the homestead exemption application occurred.

Major Objects of Expenditure							
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 Expenditures	24-25 Expenditures
Operating Costs	Benefits						
Travel							

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Section 3 of LB 1080 amends Neb. Rev. Stat. § 77-3513 to clarify that county assessors are to mail a notice on or before April 1 in the year in which the homestead exemption application is due to owners of a homestead that have previously received a homestead exemption and strikes the language that limits such notice to only be sent to those receiving a homestead exemption in the previous year. No such notice is required if the claimant has already filed a homestead exemption application.

Section 4 of LB 1080 amends Neb. Rev. Stat. § 77-3522 to add "knowingly" assists another as a *mens rea* element needed to be proven in order find an individual guilty of a Class II misdemeanor for assisting another person in making a false statement or false representation to unlawfully obtain a homestead exemption.

New language is added to Section 77-3522 to make anyone who benefits from the 100% homestead exemption provided in Neb. Rev. Stat. § 77-3506(2)(a) and fails to notify the county assessor of a status change of a veteran including a change in rating, a transfer of property, or the death of the veteran, will owe the amount of tax due, but not paid because of the unlawful homestead exemption and a lien will be placed on the property until that amount of taxes is paid. This is in addition to a penalty equal to the amount of tax due, but not paid because of the unlawful homestead exemption. A further penalty of 20% of the taxes due on the homestead will be applied as well as a 14% interest rate will accrue on the penalty from date of delinquency of the tax until paid. Excluding interest, no penalty in excess of \$1,000 per year.

These additional taxes, penalties, interest, or forfeiture of exemption can be appealed pursuant to Neb. Rev. Stat. § 77-3520 by sending a written request for a hearing to the Tax Commissioner within 30 days from receiving the notice of tax, penalty, etc.

Currently, the homestead program includes both "permanent" and "temporary" disability veterans under category four, that is, a veteran receiving compensation from the U.S. DVA because of a 100% disability that was service connected. The Department of Revenue (DOR) estimates that this bill will have no impact on the General Fund expenditures.

It is estimated that there will be minimal costs to the DOR to implement this bill.

The operative date for this bill is January 1, 2023.