PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 26, 2024 402-471-0051

**LB 924** 

Revision: 00

## **FISCAL NOTE**

## **LEGISLATIVE FISCAL ANALYST ESTIMATE**

ESTIMATE OF	ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)					
	FY 202	FY 2024-25 FY 2025-26				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS	\$37,099,014		\$78,095,917			
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$37,099,014		\$78,095,917			

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

LB 924 would add to homestead exemptions so that homestead exemptions would apply to homesteads of individuals that reside in qualified census tracts. The exemptions would be a percentage of the exempt amount as limited by section 77-3506.03 and would be based on household income of a claimant. The exempt amount for this added exemption would be the lesser of:

- The taxable value of the homestead; or
- 120% of the average assessed value of single-family residential property in the claimant's county of residence or \$50,000 whichever is greater.

This bill contains the emergency clause.

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

- FY 24-25: \$36.830.000
- FY 25-26: \$78,070,000
- FY 26-27: \$82,760,000
- FY 27-28: \$87,720,000

The DOR also estimates a one-time programming charge of \$269,014 to be paid to the Office of the Chief Information Officer (OCIO) for mainframe development and costs for maintenance in subsequent years of \$25,917.

There is no basis to disagree with these estimates.

Responding counties estimated IT costs for programming and personnel costs to process additional applications as a result of this bill.

LB <sup>(1)</sup> 924					FISCAL NOTE
State Agency OR Po	olitical Subdivision Name: (2)	Douglas County A	ssessor/Register of	Deeds	
Prepared by: (3)	Michael Goodwillie	Date Prepared: (4)	1/16/2024 P	hone: (5)	(402) 444-6703
	ESTIMATE PROVI	DED BY STATE AGEN	ICY OR POLITICAL S	UBDIVIS	ION
	EV.	2024 25		EV acat	22
	EXPENDITURES	<u>2024-25</u> <u>REVENUE</u>	EXPENDITURE	<u>FY 2025</u> E <u>S</u>	<u>REVENUE</u>
GENERAL FUND	os				
CASH FUNDS				<u></u>	
FEDERAL FUND	os				
OTHER FUNDS		<u> </u>			
TOTAL FUNDS	\$139,500		\$142,987		
		·			

## **Explanation of Estimate:**

LB 924 would expand the pool of potentially eligible recipients for full or partial homestead exemption to owner occupants of homes who live in qualified census tracts, a geographic area in which at least 50% of households have an income less than 60% of the annual area median income. This would be an additional class of eligible recipients, in addition to seniors, people with certain types of disabilities, and disabled veterans. The bill does not change any other requirements for the program—owner-occupancy, home value, or income for eligibility. It does not change any of the application requirements in terms of dates. It does have an emergency clause, meaning that it would take effect in the middle of homestead application season, which runs from February 2 to June 30.

Estimating the fiscal impact of the bill creates a number of difficulties. First, what is the pool of potential additional applicants? Using a map of qualified census tracts from 2022 that we obtained from the website of the Nebraska Department of Economic Development and our own mapping department, we were able to identify 19,578 single-family dwellings in which the owner's mailing address and the property address were the same in order to eliminate rental properties. Those properties had a total value of \$2,897,646,378 and an average value of \$148,013. Using census data for a median income in the City of Omaha of \$70,002 (it appeared from the map that most of the qualified census tracts were in the City of Omaha), 60% of that median income is \$42,013. Currently, that income amount is eligible for at least a partial exemption for all homestead categories. At least 50% of those households are below that that threshold in income so you could say that at least half of those 19,578 single-family dwellings would be households that would qualify for at least a partial exemption under LB 924—9,789 potential new applicants. Some households in these tracts are already in the homestead program. It is unlikely that all of them would apply but if even half did, approximately 4,900 new applicants would be represent considerable administrative costs for this office, at least three additional staffers. Adding to the difficulty is the emergency clause, which would have people seeking the exemption here in 2024.

In terms of value and tax loss, that really is up in the air because you don't know how many applicants you will have and what their incomes would qualify for, in terms of the percentage of homestead exemption. But let's start with 4,000 new applicants, an average value of \$148,000 for houses in the qualified census tracts, and treat the new applicants as 50% qualifiers based on income. 4,000 new applicants x an average value of \$148,000 represents \$592,000,000 in property value. Treating the applicants as 50% qualifiers reduces that amount to \$296,000,000 in value. Multiplied by a 2.25% property tax rate results in a tax loss of \$6,660,000 that, under current law, would have to be reimbursed from the state to political subdivisions in Douglas County.

BREAKI	OOWN BY MA.	OR OBJECTS O	F EXPENDITURE	
Personal Services:				
	NUMBER OF	FPOSITIONS	2024-25	2025-26
POSITION TITLE	<u>24-25</u>	<u>25-26</u>	<b>EXPENDITURES</b>	<u>EXPENDITURES</u>
Assessor Support Tech	3	3	\$139,500	\$142,987
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
TOTAL			\$139,500	\$142,987

State Agency OR Politrical Subdivision Name: (2)  Prepared by: (3)  Dan Nolte  Date Prepared: (4)  Date Prepared: (4)  Date Prepared: (4)  Date Prepared: (5)  ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVENCE  EXPENDITURES  REVENUE  EXPENDITURES  REVENUE  EXPENDITURES  REVENUE  EXPENDITURES  REVENUE  FY 2025-26  EXPENDITURES  REVENUE  FY 2025-26  EXPENDITURES  REVENUE  TO 75,000  CASH FUNDS  OTHER FUNDS  OTHER FUNDS  OTHER FUNDS  TO TAL F	LB <sup>(1)</sup> 924						FISCAL NOTE
ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION  FY 2024-25 EXPENDITURES REVENUE EXPENDITURES REVENUE  GENERAL FUNDS 75,000 75,000  CASH FUNDS  TOTAL	State Agency OR Political Subdivi	sion Name: (2)	Lanca	ster County	Assessor/Re	egister Of Dee	ds
FY 2024-25 EXPENDITURES REVENUE EXPENDITURES REVENUE  GENERAL FUNDS 75,000 75,000  CASH FUNDS FEDERAL FUNDS OTHER FUNDS TOTAL FUNDS TOTAL FUNDS 75,000 75,000  Explanation of Estimate: We anticipate an increase in the number of homestead exemption filings. Depending upon the volume, this could result in an increase in staffing levels. There may also be some overtime costs with programming on th GIS area to pull information by census tract. There would also be some potential programming costs which are included in this amount.    BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE	Prepared by: (3) Dan Nolte		Date	e Prepared: (4)	01/16/2024	Phone: (5)	402-441-7463
EXPENDITURES REVENUE EXPENDITURES REVENUE  GENERAL FUNDS  CASH FUNDS  FEDERAL FUNDS  OTHER FUNDS  TOTAL FUNDS  Explanation of Estimate:  We anticipate an increase in the number of homestead exemption fillings. Depending upon the volume, this could result in an increase in staffing levels. There may also be some overtime costs with programming on the GIS area to pull information by census tract. There would also be some potential programming costs which are included in this amount.   BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE  Personal Services:  NUMBER OF POSITIONS  2024-25  2025-26  EXPENDITURES  EXPENDITURES  Land Records Tech 1  45,000  Renefits.  20,000  Operating.  Travel.  Capital outlay.  Aid.  Capital improvements.	ESTIN	MATE PROVI	DED BY	STATE AGEN	NCY OR POLIT	CICAL SUBDIVIS	SION
EXPENDITURES REVENUE EXPENDITURES REVENUE  GENERAL FUNDS  CASH FUNDS  FEDERAL FUNDS  OTHER FUNDS  TOTAL FUNDS  Explanation of Estimate:  We anticipate an increase in the number of homestead exemption fillings. Depending upon the volume, this could result in an increase in staffing levels. There may also be some overtime costs with programming on the GIS area to pull information by census tract. There would also be some potential programming costs which are included in this amount.   BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE  Personal Services:  NUMBER OF POSITIONS  2024-25  2025-26  EXPENDITURES  EXPENDITURES  Land Records Tech 1  45,000  Renefits.  20,000  Operating.  Travel.  Capital outlay.  Aid.  Capital improvements.							
CASH FUNDS  FEDERAL FUNDS  OTHER FUNDS  TOTAL FUNDS  TOTA	EXP		<u>2024-25</u>	REVENUE	EXPEN		
CASH FUNDS FEDERAL FUNDS OTHER FUNDS TOTAL	GENERAL FUNDS	75,000			75	,000	
OTHER FUNDS  TOTAL	CASH FUNDS	,				,	
Explanation of Estimate:  We anticipate an increase in the number of homestead exemption filings. Depending upon the volume, this could result in an increase in staffing levels. There may also be some overtime costs with programming on the GIS area to pull information by census tract. There would also be some potential programming costs which are included in this amount.    Personal Services:   NUMBER OF POSITIONS   2024-25   2025-26	FEDERAL FUNDS						
Explanation of Estimate:  We anticipate an increase in the number of homestead exemption filings. Depending upon the volume, this could result in an increase in staffing levels. There may also be some overtime costs with programming on the GIS area to pull information by census tract. There would also be some potential programming costs which are included in this amount.    Personal Services:   NUMBER OF POSITIONS   2024-25   2025-26	OTHER FUNDS						
Explanation of Estimate:  We anticipate an increase in the number of homestead exemption filings. Depending upon the volume, this could result in an increase in staffing levels. There may also be some overtime costs with programming on the GIS area to pull information by census tract. There would also be some potential programming costs which are included in this amount.    BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE	TOTAL FUNDS	75,000			- <del> </del>	,000	
NUMBER OF POSITIONS   2024-25   2025-26	included in this amount.						
NUMBER OF POSITIONS   2024-25   2025-26	Personal Services	BREAKDOW	N BY MA	AJOR OBJECT	<u> </u>	<u>DITURE</u>	
Operating	POSITION TITLE	NU					<b>EXPENDITURES</b>
Operating	Benefits				<u> </u>		20.000
Capital outlay							20,000
Aid	Travel						
Capital improvements	Capital outlay						
<del></del>							
TOTAL							65,000

Overtime and programming is estimated at \$10,000

LB <sup>(1)</sup> 924					FISCAL NOTE
State Agency OR 1	Political Subdivision Name:	Lancaster Count	у		
Prepared by: (3)	Dennis Meyer	Date Prepared: (4	1-16-24	Phone: (5)	402-441-6869
	ESTIMATE PRO	OVIDED BY STATE AGE	ENCY OR POLIT	ICAL SUBDIVIS	SION
	<u>I</u> EXPENDITUR	FY 2024-25 RES REVENUE	EXPEND	<u>FY 2025</u> NTURES	<u>-26</u> <u>REVENUE</u>
GENERAL FUN	·	<u>,</u>			<u> </u>
CASH FUNDS					
FEDERAL FUN	DS				
OTHER FUNDS					
TOTAL FUNDS					
Explanation of E	`stimate.				
D 16 '		OWN BY MAJOR OBJEC	CTS OF EXPEND	ITURE	
Personal Service	S:	NUMBER OF POSITIO	NS 202	4-25	2025-26
POSIT	TION TITLE	<u>24-25</u> <u>25-26</u>	<u>EXPENI</u>	<u>DITURES</u>	<b>EXPENDITURES</b>
D G.					
	ments				
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<b>LB</b> (1)	924						<b>FISCAL NOTE</b>			
State Ag	ency OR I	Political Subdivision Name: (2	, Nebra	Nebraska Association of County Officials (NACO)						
Prepare	d by: (3)	Elaine Menzel	Date	Prepared: (4)	1/11/2024	Phone: (5)	402.434.5660			
		ESTIMATE PRO	VIDED BY	STATE AGEN	CY OR POLITIC	CAL SUBDIVIS	SION			
		F	Y 2024-25			FY 2025	-96			
		<u>EXPENDITURE</u>		REVENUE	EXPENDI	_	<u>REVENUE</u>			
GENER	AL FUN	DS								
CASH F	UNDS									
FEDER	AL FUNI	DS								
OTHER	R FUNDS									
TOTAL	L FUNDS									
Evnlana	ition of E	stimato			· -					
unknov	vn numb	ool of eligible qualified control of additional claims to counties would be neglined.	o process							
Parsona	l Service		WN BY MA	JOR OBJECT	S OF EXPENDI	<u> TURE</u>				
rersona			NUMBER C <u>24-25</u>	OF POSITIONS <u>25-26</u>	S 2024 <u>EXPEND</u>		2025-26 EXPENDITURES			
Benefits	<b>5</b>									
Operati	ng									
Travel.										
Capital	outlay									
Aid										
Capital	improver	nents								
TO	ΓAL									

LB 924 Fiscal Note 2024

	State Agency Estimate						
State Agency Name: Department of	State Agency Name: Department of Revenue Date Due LFO:						
Approved by: James R. Kamm		Date Prepared:	02/26/2024		Phone: 471-5896		
	FY 2024	<u>-2025</u>	FY 2025	-2026	FY 2026-	<u>-2027</u>	
	Expenditures	Revenue	Expenditures	Revenue	<b>Expenditures</b>	Revenue	
General Funds	\$37,099,014		\$78,095,917		\$82,785,917		
Cash Funds							
Federal Funds							
Other Funds					_		
Total Funds	\$37,099,014		\$78,095,917		\$82,785,917		

LB 924 creates a new homestead exemption for individuals living in a qualified census tract. The following are changes made by LB 924:

- 1) A definition for qualified census tract is created. Qualified census tract means a qualified census tract as defined in 26 U.S.C. 42(d)5)(B)(ii)(I), which states, "Any census tract which is designed by the Secretary of Housing and Urban Development and, for the most recent year for which census data are available on household income in such tract, either in which 50% or more of the households have an income which is less than 60% of the area median gross income for such year or which has a poverty rate of at least 25%. If the Secretary of Housing and Urban Development determines that sufficient data for any period are not available to apply this clause on the basis of census tracts, such Secretary shall apply this clause for such period on the basis of enumeration districts."
- 2) Single and married claimants living in a qualified census tract are awarded a percentage of relief based on the claimant's household income. It should be noted that the household income limits for applicants applying as a result of being a part of a qualified census tract are lower than those associated with disabled applicants or those 65 and older.
- 3) The qualifying income amounts are modified annually by the percentage of change in the Consumer Price Index for all Urban Consumers published by the federal Bureau of Labor Statistics as well as adjusted for cumulative inflation since 2024.
- 4) Requires an applicant for the new exemption to attach an income statement to the application.

Major Objects of Expenditure							
Class Code	Classification Title	24-25 <u>FTE</u>	25-26 <u>FTE</u>	26-27 <u>FTE</u>	24-25 Expenditures	25-26 Expenditures	26-27 Expenditures
					0260.014	<b>#25.017</b>	<b>#25.017</b>
					\$269,014	\$25,917	\$25,917
Capital Outlay							
					\$269,014	\$25,917	\$25,917

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Utilized data from the census tracts defined by U.S. Department of Housing and Urban Development, current homestead population data, and data from U.S. Census, DOR estimated that LB 924 will have the following impact on the General Fund expenditures:

Fiscal Year	General Fund expenditures
FY24-25	\$36,830,000
FY25-26	\$78,070,000
FY26-27	\$82,760,000
FY27-28	\$87,720,000

LB 924 will require a one-time programming charge of \$269,014 paid to the OCIO for mainframe development for FY2024-25, and a charge of \$25,917 to maintain the changed system for the subsequent years.

This bill contains an emergency clause and becomes law upon enactment.