

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2010-11		FY 2011-12	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$0		\$16,014,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0		\$16,014,000	

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

LB 897 amends Nebraska Revised Statutes Sections 77-3507, 77-3508, and 77-3509 dealing with the homestead exemption.

The bill would increase the various household income levels that determine the amount of exemption for which a claimant is eligible. The new income levels would be in effect beginning in 2011 and beginning the following year, 2012, the income eligibility amounts would be adjusted for inflation by the method indicated in section 151 of the federal Internal Revenue Code.

The inflation adjustment is currently in place and the income levels have been adjusted for inflation since 2001. This explains why the amount of increase in the income levels proposed by LB 897 is actually \$5,000, rather than the amount derived by comparing the proposed income levels in LB 897 to the income levels shown in the existing statute.

LB 897 will increase the reimbursement provided by the state to local political subdivisions because of the property tax revenue lost by the political subdivisions as more homeowners qualify for the homestead exemption.

The Department of Revenue estimates that if adopted LB 897 would increase expenditures from the General Fund by \$16.014 million in FY2011-12 and \$16.174 million in FY2012-13.

This is based on their estimation that LB 897 would increase the number of qualified applicants by 7,565. An additional 8,390 currently qualified homeowners would receive an increase in the percentage of homestead exemption they currently receive.

The Department indicated any additional costs to administer LB 897 would be minimal.

The estimate of fiscal impact by the Department of Revenue appears reasonable and there is no basis to disagree with their estimate of fiscal impact or cost.

**IMPACT TO POLITICAL SUBDIVISIONS:**

There is no fiscal impact to local political subdivisions as the State reimburses them for any loss in revenue associated with the homestead exemption program.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	1/28/10	PHONE	471-2526
COMMENTS					
DEPARTMENT OF REVENUE: No basis upon which to disagree.					