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

**LB 995** 

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 RE			REVENUE		
GENERAL FUNDS	(\$21,300,000)		(\$27,365,000)			
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	(\$21,300,000)		(\$27,365,000)			

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

LB 995 amends provisions related to the homestead exemption. LB 995 limits the total amount that can be reimbursed by the state for homestead exemptions to \$100 million. If the certified amount would exceed this, LB 995 requires the Tax Commissioner to proportionately reduce the reimbursement to each county such that the total equals \$100 million.

LB 995 is operative three months after adjournment.

The Department of Revenue estimates the impact to General Fund expenditures as follows:

FY22-23	(\$21,300,000)
FY23-24	(\$27,365,000)
FY24-25	(\$33,733,000)
FY25-26	(\$40,420,000)

Reductions in reimbursements from the General Fund will reduce amounts to political subdivisions that receive such reimbursements under Neb. Rev. Stat. sec. 77-3523. There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 995	AM:	AGENCY/POLT. SUB: Department of Revenue			
REVIEWED B	3Y: Neil Sullivan	DATE: 2/22/2022	PHONE: (402) 471-4179		
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 995 appears reasonable.					

LB 995 Fiscal Note 2022

		State Agency	Estimate			
State Agency Name: Department of	f Revenue				Date Due LFO:	
Approved by: Tony Fulton		Date Prepared:	ed: LEAVE BLANK Phone: 471-5896			
FY 2022-20		-2023	FY 2023	-2024	FY 2024-	2025
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	(\$21,300,000)	\$ 0	(\$27,365,000)	\$ 0	(33,733,000)	\$ 0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	(\$21,300,000)	\$ 0	(\$27,365,000)	\$ 0	(33,733,000)	\$ 0

LB 995 amends Neb. Rev. Stat. § 77-3523 to limit the amount of funds available to be reimbursed to local governments by the state, to \$100 million, for the homestead exemption program. If the total amount certified exceeds \$100 million, the Tax Commissioner is directed to proportionately reduce the amount reimbursed to each county so the limit of \$100 million is not exceeded. It is also clarified that the county treasurer will distribute the reimbursement by the state on a proportional basis to the taxing agencies of the county based on the amount of tax revenue lost by the taxing agency. The 1% retained by the county is changed to come from the full amount lost by each taxing agency to 1% of the amount to be distributed to each taxing agency.

The estimated reduction in General Fund expenditures would be as follows:

Fiscal Year	Reduction in GF Expenditures		
FY22-23	\$ 21,300,000		
FY23-24	\$ 27,365,000		
FY24-25	\$ 33,733,000		
FY25-26	\$ 40,420,000		

It is estimated that there will be minimal costs to the Department of Revenue to implement this bill.

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	Operating Costs						
Travel							
Capital Outlay							
	s						
Total					· · · · · · · · · · · · · · · · · · ·		