PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 16, 2023 402-471-0051

LB 126

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 2023-24 FY 2024-25							
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS			\$19,591,000					
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS			\$19,591,000					

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

LB 126 seeks to allow homestead exemptions for veterans with at least 10% but less than 100% service-connected disability starting January 1, 2024. This would also apply to the unremarried surviving spouse of such veteran or a surviving spouse of such veteran who remarries after attaining the age of 57 years old. The amount of the exemption would be based on the disability percentage as follows:

Disability Percentage	Exemption of Ve	teran in Dollars
At least 90% but less than 100% disabled	\$	1,000
At least 80% but less than 90% disabled	\$	900
At least 70% but less than 80% disabled	\$	800
At least 60% but less than 70% disabled	\$	700
At least 50% but less than 60% disabled	\$	600
At least 40% but less than 50% disabled	\$	500
At least 30% but less than 40% disabled	\$	400
At least 20% but less than 30% disabled	\$	300
At least 10% but less than 20% disabled	\$	200

The Department of Revenue (DOR) estimates the following increase in expenditures to reimburse political subdivisions for their reduced revenue as a result of this bill:

Fiscal Year	General Fund expenditures				
FY2023-2024	\$ -				
FY2024-2025	\$ 19,591,000				
FY2025-2026	\$ 21,343,000				
FY2026-2027	\$ 23,251,000				

The DOR also estimates minimal costs to implement this bill.

There is no basis to disagree with these estimates by DOR.

The Nebraska Department of Veterans Affairs estimates no fiscal impact from this bill. There is no basis to disagree with this estimate.

The Lancaster County Assessor/Register of Deeds Office estimates that the bill will not have a major impact on the office while the Nebraska Association of County Officials notes that revenue lost by political subdivisions from the additional exemptions from this bill would be reimbursed by the state.

	ADMINIST	RATIVE SERVICES S	TATE BUDGET DIVISION:	REVIEW OF AGE	ENCY & POLT. SUB. RESPONSE		
LB:	126	AM:	AGENCY/POLT. SUB	: Nebraska Depart	ment of Revenue		
REV	TEWED BY:	Ann Linneman	DATE:	2-16-2023	PHONE: (402) 471-4180		
COM	COMMENTS: The Nebraska Department of Revenue's assessment of fiscal impact appears reasonable.						

LB 126 Fiscal Note 2023

		State Agency	Estimate			
State Agency Name: Departmen	t of Revenue				Date Due LFO:	
Approved by: Glen White		Date Prepared:	02/16/2023		Phone: 471-5896	
	FY 2023	3-202 <u>4</u>	FY 2024	<u>-2025</u>	FY 2025-	2026
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$0		\$ 19,591,000		\$ 21,343,000	
Cash Funds						
Federal Funds					_	
Other Funds						
Total Funds	\$ 0		\$ 19,591,000		\$ 21,343,000	

LB 126 amends the Homestead Exemption Act to create new category of homestead exemption for honorably disabled veterans who have at least a 10% but less than a 100% service-connected disability and who do not qualify for total exemption as paraplegic or multiple amputees. This legislation would also extend a homestead exemption to the unremarried surviving spouse or a surviving spouse who remarried after attaining the age of 57.

Currently, Neb. Rev. Stat. § 77-3506(2)(a) only provides a homestead exemption for disabled veterans who have a 100% service-connected disability. This legislation would allow for more claimants to apply for the homestead exemption and thereby increase the amount of expenditures from the General Fund for reimbursement to counties to cover their tax loss due to the homestead exemption.

As proposed Neb. Rev. Stat. § 77-3506(3) contains a table that associates a veteran's increasing disability percentage with an increasing amount of property tax relief received as a result. However, unlike other provisions of the Homestead Exemption Act, based on the applicant income where different levels of income are equivalent to a different percentage of homestead relief, LB 126 proposes a flat dollar amount as an applicant's exemption commiserate with an applicant's level of disability as follows:

Disability Percentage	Exemption of V	Veteran in Dollars
At least 90% but less than 100% disabled	\$	1,000
At least 80% but less than 90% disabled	\$	900
At least 70% but less than 80% disabled	\$	800
At least 60% but less than 70% disabled	\$	700
At least 50% but less than 60% disabled	\$	600
At least 40% but less than 50% disabled	\$	500
At least 30% but less than 40% disabled	\$	400
At least 20% but less than 30% disabled	\$	300
At least 10% but less than 20% disabled	\$	200

Major Objects of Expenditure							
Class Code	Classification Title	23-24 <u>FTE</u>	24-25 <u>FTE</u>	25-26 <u>FTE</u>	23-24 Expenditures	24-25 Expenditures	25-26 Expenditures
Capital Outlay	S						
Total							

LB 126, page 2 Fiscal Note 2023

The Department of Revenue (DOR) used data from the Compensation and Pension by county 2019 report published by the U.S. Department of Veterans Affair and estimated that the percentage of the 100% service-connected disabled rating over 0% to 100% and including 100% service-connected disabled rating is approximately 10% (for every person with 100% disabled rating, there are nine persons between 0% to 100% disabled rating). In addition, based on the Compensation and Pension by county 2019 report, there are about 50% veterans with disabled rating between 0% to 100% disabled rating are over 65 years old. It is assumed that there are about 70% of the people who are over 65 years old that qualify for the Homestead Exemption Program. All of these statistics were used along with current homestead data and it is estimated that this bill will increase the General Fund expenditures as follows:

Fiscal Year	General Fund expenditures				
FY2023-2024	\$ -				
FY2024-2025	\$ 19,591,000				
FY2025-2026	\$ 21,343,000				
FY2026-2027	\$ 23,251,000				

It is estimated that LB 126 will require changes to the electronic homestead exemption database, the Homestead Exemption Application Form, the information guide, and other documents. These changes can be done with existing DOR staff. Therefore, there will be minimal costs to DOR to implement this bill.

The operative date for this bill is January 1, 2024.

LB ⁽¹⁾ 126					FISCAL NOTE		
State Agency OR Political S	Subdivision Name: (2)	Nebraska Department of Veterans Affairs (NDVA)					
Prepared by: (3) Nicole	S Zimmermann	Date Prepared: (4)	1/10/2023	Phone: (5)	531-220-1433		
	ESTIMATE PROVID	— DED BY STATE AGEN	NCY OR POLITION	—— CAL SUBDIVIS	SION		
	FY 20	023-24		FY 2024	-25		
	EXPENDITURES	<u>REVENUE</u>	EXPEND	<u>ITURES</u>	REVENUE		
GENERAL FUNDS			_				
CASH FUNDS							
FEDERAL FUNDS							
		-					
OTHER FUNDS					-		
TOTAL FUNDS							
Explanation of Estimate:							
"No Fiscal Impact"							
	BREAKDOWN	N BY MAJOR OBJECT	TS OF EXPENDI	TURE			
Personal Services:	NIT I	MBED OF DOCUMON	C 2222		2021.27		
POSITION TI		MBER OF POSITION 23-24 <u>24-25</u>	S 2023 <u>EXPEND</u>		2024-25 EXPENDITURES		
			_				
Benefits			_				
Operating			-				
Travel							
Capital outlay							
Aid							
Capital improvements							

LB ⁽¹⁾ 126				FISCAL NOTE
State Agency OR Political Subdivision Name: (2)	Lancaster County	Assessor/Registe	er of Deed	S
Prepared by: (3) Dan Nolte	Date Prepared: ⁽⁴⁾	January 13, 2023	Phone: (5)	402-441-8777
ESTIMATE PROV	IDED BY STATE AGEN	NCY OR POLITICAL	SUBDIVIS	ION
FY	2023-24		FY 2024-	-95
EXPENDITURES		EXPENDITU		<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	-		<u></u>	
FEDERAL FUNDS				
OTHER FUNDS	<u> </u>	-		
TOTAL FUNDS	=			
Explanation of Estimate:				
BREAKDOV Personal Services:	WN BY MAJOR OBJECT	S OF EXPENDITU	<u>RE</u>	
	UMBER OF POSITIONS 23-24 24-25	S 2023-24 EXPENDITU	URES	2024-25 EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay				
Aid				
Capital improvements				
ΤΩΤΔΙ				

LB ⁽¹⁾ 126				F	ISCAL NOTE
State Agency OR	Political Subdivision Name: (2)	Nebraska Associa	tion of County Of	ficials (NA	CO)
Prepared by: (3)	Elaine Menzel	Date Prepared: (4)	1/13/2023	Phone: (5)	402.434.5660
	ESTIMATE PROV	IDED BY STATE AGE	NCY OR POLITICAL	<u>. SUBDIVISI</u>	ON
	$\mathbf{F}\mathbf{V}$	2023-24		FY 2024-	25
	EXPENDITURES		EXPENDITU		<u>REVENUE</u>
GENERAL FUN	IDS				
CASH FUNDS					
FEDERAL FUN	DS				
OTHER FUNDS					
TOTAL FUNDS					
Explanation of E	Estimate:				
result of LB 12 that year becau	ounty would certify to the 6, that will be lost to all ta use of exemptions allowe following the certification	xing agencies, includi d that year. The State	ng counties, from ta	axes levied	and assessed in
		VN BY MAJOR OBJECT	TS OF EXPENDITU	<u>RE</u>	-
Personal Service		UMBER OF POSITION	S 2023-24		2024-25
POSIT	TION TITLE	<u>23-24</u> <u>24-25</u>	EXPENDITU	RES	EXPENDITURES
D C			- 	·	
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	ments			·	
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