PREPARED BY:
DATE PREPARED:
PHONE:

John Wiemer April 15, 2024 402-471-0051

**LB 126** 

Revision: 02

# **FISCAL NOTE**

**LEGISLATIVE FISCAL ANALYST ESTIMATE** 

Revised per AM3404

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
	FY 2024-25		FY 2025-26		
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE	
GENERAL FUNDS	\$20,313		\$317,000		
CASH FUNDS					
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS	\$20,313		\$317,000		

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

LB 126 was amended by AM3404 on Select File. AM3404 strikes the original provisions of ER108 and makes changes to the homestead program like the original provisions of LB 126. AM3404 also contains the provisions of LB 1151 and LB 1019. The details of the amendment are discussed below.

#### AM3404

Incorporates Provisions of LB 1019

This aspect of the amendment would make changes to add that the county assessor or county clerk would correct the assessment and tax rolls after the final order of an applicable administrative body or court in addition to correcting the assessment and tax rolls after action of the county board of equalization.

Incorporates Provisions of LB 126 with Modifications and Provisions of LB 1151
This aspect of the amendment would make changes to the Homestead Exemption Program.

This aspect of the amendment would add the provisions from LB 1151 which would add the term "occupy" and define it. Occupy would mean to reside on a property with the intention of maintaining the property as the owner's primary residence. A departure from the property for reasons of health or legal duty would not disqualify the owner of the property from receiving an exemption under sections 77-3501 to 77-3529 and section 3 of the act, so long as the owner demonstrates an intention to return to the property.

This aspect of the amendment would add that for homesteads valued at or above the maximum value, the exempt amount would not be reduced and the homestead would remain eligible for an exemption under section 77-3507 or 77-3508 for the current year if the homestead:

- Received an exemption under section 77-3507 or 77-3508 in the previous year;
- Was valued below the maximum value in such previous year; and
- Is not ineligible for an exemption under section 77-3507 or 77-3508 for any reason other than exceeding the maximum value by \$20,000 or more

If a homestead remains eligible for an exemption under the new criteria for homesteads at or above maximum value, listed above, the homestead would continue to be eligible for each year thereafter unless the homestead is not eligible for such exemption for any reason other than exceeding the maximum value by \$20,000 or more.

The percentage of the exempt amount for a homestead for any year such homestead is valued at or above the maximum value and remains eligible for exemption under this change to exemptions under this bill would be equal to the percentage of the exempt amount for the homestead in the last year the homestead received an exemption under section 77-3507 or 77-3508 and was valued below the maximum value.

If the homestead's increase in value from the previous year to a value at or above the maximum value is due to improvements to the homestead, this change to exemptions under this bill would not apply to that homestead.

The bill would become operative on January 1, 2025.

### LB 126 PAGE 2

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

FY 2024-25: \$0

• FY 2025-26: \$317,000

• FY 2026-27: \$503,000

• FY 2027-28: \$703,000

The DOR also estimates a one-time charge of \$20,313 to be paid to the Office of the Chief Information Officer (OCIO) for web team costs to update the homestead application.

There is no basis to disagree with these estimates.

Political subdivisions are estimated to be reimbursed by the state for property tax losses as a result of changes to the Homestead Program under this bill.

Benefits.....

<b>LB</b> <sup>(1)</sup> 126, AM31	E&R108		FISCAL NOTE				
State Agency OR Political Subdivision Name: (2)  Prepared by: Elaine Menzel (3)		Nebraska Association of County Officials (NACO)					
		Date Prepared:	4/11/2024	Phone:	402.434.5660		
	ESTIMATE PROV	IDED BY STATE AGI	ENCY OR POLITIC	CAL SUBDIVI	SION		
	FY 2	<u>024-25</u>		FY 2025-26			
	EXPENDITURES	REVENUE	EXPENDIT	TURE <mark>S</mark>	REVENUE		
GENERAL FUNDS							
CASH FUNDS		-					
			_				
FEDERAL FUNDS OTHER FUNDS			_				
TOTAL FUNDS							
Explanation of Estimate							
LB126, AM313 and AM inserted.  LB126, AM3404 (section assessment and tax roll only upon a final action minimal.  LB126, AM3404 replace 2, 3, 5, 6, 7, 8, 9, 10 and homestead exemption pages 14, 4, 15, 14, 20, 14, 15, 15, 15, 15, 15, 15, 15, 15, 15, 15	on 1), originally LB I upon a final order of a county board es the original bill ad section 11) from provisions for indiv	3 1019, would required of an administrative do not be a defined at the street of the s	e a county assest body or court. Cu e fiscal impact of ed within the am t would provide to is not anticipate	essor or count irrently, such of this provisi endment are the definition and to have a f	y clerk to correct the actions can be taker on is expected to be provisions (sections of "occupy" for the iscal impact.		
Pursuant to LB126, AM homesteads valued at a year; (ii) was valued by statutory reason. If a ho eligible for each year the exemption describe year such homestead is to the percentage of the maximum value. If the house is due to improve record keeping/retentio	or above the maxing elow the maximur mestead remains dereafter unless the dearlier in this part valued at or above exemption in the nomestead's increasements to the home	mum value, if the horm value in such pre eligible for an exemple homestead is not eleagraph. The percent e the maximum value last year the home ase in value from the estead, this subsect	nestead: (i) rece vious year; and tion for any year, gible for such exage of the exemple and remains eliestead received a previous year to ion shall not appressions.	ived an exem (iii) is not ind the homested emption for a of amount for gible for exem an exemption a value at or oly to such ho	nption in the previous eligible for any other ad shall continue to be any reason other than a homestead for any mption shall be equal and was below the above the maximum omestead. Additional		
Personal Services:	BREAKDOW	N BY MAJOR OBJEC	TS OF EXPENDIT	CURE			
POSITION TIT	NU	MBER OF POSITION	S 2024-	95	2025-26		

Operating	 
Travel	 
Capital outlay	 
Aid	
Capital improvements	
TOTAL	

State Agency Estimate						
State Agency Name: Department of	of Revenue				Date Due LFO:	
Approved by: James R. Kamm	Kamm Date Prepared: 4/11/2024		Phone: 471-5896			
	FY 2024	FY 2024-2025 FY 2025-2026		5-2026	FY 2026-2027	
	<b>Expenditures</b>	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$20,313		\$317,000		\$ 503,000	
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$20,313		\$317,000		\$ 503,000	

## LB 126 AM 3404 adds the following:

- A requirement that the county assessor or county clerk correct the assessment and tax rolls after a final order of an applicable administrative body or court.
- Adds an applicable administrative body or court to entities that can approve a county assessor to reduce or increase the valuation of any property, real or personal.

## LB 126 AM 3404 creates a definition for "occupy" as follows:

To reside on a property with the intention of maintaining the property as the owner's primary residence. A departure from the property for reasons of health or legal duty will not disqualify the owner of the property from receiving an exemption under sections 77-3501 to 77-3529 and section 3 of this act, so long as the owner demonstrates an intention to return to the property.

LB 126 AM 3404 adds that for homesteads valued at or above the maximum value, the exempt amount will not be reduced, and the homestead will remain eligible for an exemption under sections 77-3507 or 77-3508 for the current year if the homestead:

- Received an exemption under section 77-3507 or 77-3508 in the previous year.
- Was valued below the maximum value in such previous year; and
- Is not ineligible for an exemption under 77-3507 or 77-3508 for any reason other than the homestead exceeding the maximum value by \$20,000 or more.

LB 126 AM 3404 allows homesteads to continue to remain eligible for the category of exemption they received in prior years unless the homestead exceeds the maximum value by \$20,000 or more.

LB 126 AM 3404 adds that the percentage of the exempt amount for a homestead for any year the homestead is valued at or above the maximum value remains eligible for exemption will be equal to the percentage of the

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
Benefits							
Operating Costs.				\$20,313			
Travel							
Capital Outlay							
Capital Improvements.							
Total					\$20,313		

exempt amount for the homestead in the last year the homestead received an exemption under section 77-3507 or 77-3508 and was valued below the maximum value.

LB 126 AM 3404 makes the additions in Section 4 not apply to homesteads whose value increase above the maximum value is due to improvements to the homestead.

It is estimated that LB 126 AM 3404 will have the following impact on the General Fund expenditures:

Fiscal Year	General Fund Expenditures		
FY24-25	\$	-	
FY25-26	\$	317,000	
FY26-27	\$	503,000	
FY27-28	\$	703,000	

LB 126 AM 3404 will require a one-time charge of \$20,313 paid to the OCIO for web team costs to update the homestead application.

The operative date for this bill is January 1, 2025.