

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$9,325,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			\$9,325,000	

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

LB 1125 amends provisions related to the homestead exemption to include individuals who have a disability as defined under Title II or Title XVI of the federal Social Security Act. The exemption begins January 1, 2021, and is subject to income eligibility requirements.

The bill also provides for late applications if the owner failed to file in a timely manner, regardless of the reason, but specifies the owner can only be granted the exemption under this provision once. The late application must be filed with the county assessor at least 60 days prior to the date the first half of the taxes levied for the current year become delinquent.

Revenue:

This bill is not estimated to have an impact on General Fund revenue.

Expenditures:

The Department of Revenue estimates the following increase in General Fund expenditures:

FY 20-21	\$0
FY 21-22	\$9,325,000
FY 22-23	\$9,357,000
FY 23-24	\$9,389,000

Counties could have some additional administrative costs due to an increase in the number of homestead exemption applications. Lancaster County and Douglas County Assessors estimate some additional administrative costs, dependent upon how many new applications result from the bill. Both counties' Assessors estimate it would take a large number of new applications to result in the need for additional staff.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1125	AM:	AGENCY/POLT. SUB: Douglas County Assessor/Register of Deeds	
REVIEWED BY: Lee Will	DATE: 01/31/2020	PHONE: (402) 471-4175	
COMMENTS: Concur with the Douglas County Assessor's assessment of fiscal impact to the State of Nebraska.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1125	AM:	AGENCY/POLT. SUB: Lancaster County Assessor/Register of Deeds	
REVIEWED BY: Lee Will	DATE: 01/30/2020	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with Lancaster County Assessor's assessment of fiscal impact.			

Please complete ALL (5) blanks in the first three lines.

2020

LB⁽¹⁾ 1125

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Douglas County Assessor/Register of Deeds Office

Prepared by: ⁽³⁾ Michael Goodwillie, Compliance Officer Date Prepared: ⁽⁴⁾ 1/28/2020 Phone: ⁽⁵⁾ (402) 444-6703

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$1,500	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>\$1,500</u>	<u>_____</u>

Explanation of Estimate: LB 1125 would add a class of recipients to the homestead exemption program, beginning in 2021. Specifically, it would enable people “who have a disability as defined under Title II or Title XVI of the federal social security act”. The bill does not require the applicant to be qualified for social security disability, it just says “has a disability as defined”. Such disabilities include musculoskeletal disorders like back problems, cardiovascular conditions, senses and speech issues such as vision and hearing loss, and respiratory illnesses like COPD and asthma. This would expand the disability category for homestead recipients. However, our office has no idea how many more applicants there would be. You could try to determine how many social security disability recipients are in a county or the state, but that number would be limited by the number of those recipients who own houses and have income below the statutory limits on homestead exemption. That said, if the class of potential new recipients is not those receiving social security disability benefits but simply those with a medical condition that would be defined as a disability under the social security act, then the potential pool of new recipients could be quite broad. It would take several hundred new applicants for our office to need to add staff or equipment. A modest number of new applicants would mean some administrative costs for materials and mailings.

In the event that there are enough new applicants to merit an addition to staff, we would estimate the salary and equipment amount for that staff person, not including benefits, at \$40,000.

The brunt of the financial cost for an expanded class of homestead recipients would fall on the State of Nebraska, which currently reimburses the political subdivisions for their tax losses related to the homestead recipients not paying property taxes.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____

Operating	_____	_____
Travel	_____	_____
Capital outlay	_____	_____
Aid	_____	_____
Capital improvements	_____	_____
TOTAL	_____	_____

Please complete ALL (5) blanks in the first three lines.

2020

LB⁽¹⁾ 1125

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County Assessor/Register of Deeds

Prepared by: ⁽³⁾ Scott Gaines Date Prepared: ⁽⁴⁾ 1/24/2020 Phone: ⁽⁵⁾ 402-441-6580

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$1,000	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	\$1,000	=====

Explanation of Estimate:

It is very difficult to predict how many additional Homestead Exemption applications this legislation would produce. In tax year 2021, we would incur some additional staff time to process each new application. In each subsequent year, we would have increased printing, mailing, and processing costs.

Unless an extraordinary number of new applications result from this legislation, we do not anticipate a need for additional staffing.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	=====	=====	=====	=====