Keisha Patent February 21, 2020 402-471-0059

LB 1125

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 202	0-21	FY 2021-22			
	EXPENDITURES	REVENUE	EXPENDITURES REVENU			
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.						

LB 1125

Fiscal Note 2020

State Agency Estimate							
State Agency Name: Department of Revenue Date Due LFA:							
Approved by: Tony Fulton	Approved by: Tony Fulton Date Prepared: Phone: 471-5896						
FY 2020-2021 FY 2021-2022					<u>FY 2022</u>	-2023	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$0		\$9,325,000		\$9,357,000		
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$0		\$9,325,000		\$9,357,000		

LB 1125 amends Neb. Rev. Stat. § 77-3508 to provide homestead exemptions for individuals who have a disability as defined under Title II or Title XVI of the federal Social Security Act.

Neb. Rev. Stat. § 77-3512 and § 77-3514.01 are amended to allow a property owner to file a late homestead exemption application (application) regardless of the reason for the failure of the owner to timely file. An owner that files a late application, may only file late for any reason one time and is required to file the late application with the county assessor at least 60 days prior to the date the first half of the real estate taxes on the property for the current year become delinquent.

According to the Social Security Administration data and current homestead program data, it is estimated that homestead exemptions for individuals who have a disability as defined under Title II or Title XVI of the federal Social Security Act will have following positive impact on the General Fund expenditures:

FY2020-2021 \$-FY2021-2022 \$9,325,000 FY2022-2023 \$9,357,000 FY2023-2024 \$9,389,000

The estimated cost of allowing a property owner to file a late application will be minimal.

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

The operative date for this bill is January 1, 2021.

Major Objects of Expenditure							
Class Code	Classification Title	20-21 <u>FTE</u>	21-22 <u>FTE</u>	22-23 <u>FTE</u>	20-21 <u>Expenditures</u>	21-22 <u>Expenditures</u>	22-23 <u>Expenditures</u>
Travel							
	5						
Total							

Please complete <u>ALL</u> (5) blanks in the first three lines.

LB ⁽¹⁾ 1125	5				FISCAL NOTE			
State Agency OR I	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 PROVI	DED BY STATE AGEN	ICY OR POLITICAL	SUBDIVIS	ION			
	EXPENDITURES	<u>2020-21</u> <u>REVENUE</u>	EXPENDITU	<u>FY 2021</u> <u>RES</u>	<u>REVENUE</u>			
GENERAL FUN	DS		\$1,500					
CASH FUNDS								
FEDERAL FUN	DS							
OTHER FUNDS								
TOTAL FUNDS			\$1,500					

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							
NUMBER OF P	OSITIONS	2020-21	2021-22				
<u>20-21</u>	21-22	EXPENDITURES	EXPENDITURES				
<u> </u>							
	NUMBER OF PO	NUMBER OF POSITIONS	NUMBER OF POSITIONS 2020-21				

2020

Operating	
Travel	
Capital outlay	
Aid	
Capital improvements	
TOTAL	

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LB ⁽¹⁾ 1125					FISCAL NOTE		
State Agency OR Po	litical 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 PROVI	DED BY STATE AGEN	CY OR POLITICAL	SUBDIVIS	ION		
	FV	2020-21		FY 2021	_00		
	EXPENDITURES	<u>REVENUE</u>	EXPENDITUR		REVENUE		
GENERAL FUND	s		\$1,000				
CASH FUNDS							
FEDERAL FUND	s						
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: NUMBER OF POSITIONS 2020-21 2021-22 **POSITION TITLE EXPENDITURES EXPENDITURES** 20-21 <u>21-22</u> Benefits..... Operating..... Travel Capital outlay..... Aid..... Capital improvements..... TOTAL