PREPARED BY: DATE PREPARED: PHONE: Keisha Patent February 21, 2020 402-471-0059

LB 1192

Revision: 00

## **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			(\$1,850,000)					
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS			(\$1,850,000)					

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

LB 1192 amends provisions related to the homestead exemption to clarify that the state will reimburse the full amount certified by each county, except that the total amount for any year must not exceed \$100,000,000. If the total amount certified exceeds \$100,000,000 from all counties, the Tax Commissioner must proportionately reduce the amount to be reimbursed to each county as to not exceed this limit. The county treasurer must then distribute the proportionate share of the amount received to each taxing agency based on the amount of tax revenue lost by the taxing agency.

## Revenue:

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

## **Expenditures:**

The Department of Revenue estimates minimal expenditures to implement the bill and a decrease in homestead exemption expenditures from the General Fund as follows:

Fiscal Year	General Fund Expenditures
FY20-21	\$0
FY21-22	(\$1,850,000)
FY22-23	(\$6,943,000)
FY23-24	(\$12.290.000)

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

## LB 1192 Fiscal Note 2020

State Agency Estimate						
State Agency Name: Department of Revenue Date Due LFA:						
Approved by: Tony Fulton	Date Prepared:			Phone: 471-5896		
	FY 2020-	2021	FY 2021	-2022	FY 2022-	2023
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$0		(\$1,850,000)		(\$6,943,000)	
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$0		(\$1,850,000)		(\$6,943,000)	

LB 1192 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.

Estimating that the homestead exemption program increases at an average rate of 5% annually, the estimated reduction in General Fund (GF) expenditures would be as follows:

Fiscal	Reduction in GF			
Year	Expenditures			
FY20-21	\$ -			
FY21-22	\$ 1,850,000			
FY22-23	\$ 6,943,000			
FY23-24	\$ 12,290,000			

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	20-21 <u>FTE</u>	21-22 <u>FTE</u>	22-23 <u>FTE</u>	20-21 Expenditures	21-22 Expenditures	22-23 Expenditures
Benefits Operating Costs							
Travel							
Total							