PREPARED BY: DATE PREPARED: PHONE: John Wiemer February 21, 2024 402-471-0051

LB 1151

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

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

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

LB 1151 would make changes to provisions under the Homestead Exemption Program.

The bill 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 the exemption, so long as the owner would demonstrate an intention to return to the property.

The bill would harmonize provisions based upon the term occupy and its definition that would be added under this bill.

The operative date for this bill is three months after adjournment.

The Department of Revenue estimates no impact to General Fund expenditures as a result of this bill and minimal costs to it to implement the bill.

There is no basis to disagree with this estimate.

The Douglas County Assessor/Register of Deeds Office notes Nebraska Administrative Code, which would provide for homestead exemptions to applicants in the case the applicant is residing in a nursing home.

The Lancaster County Assessor/Register of Deeds Office estimates little to no impact to it as a result of this bill. There is no basis to disagree with this estimate.

TECHNICAL NOTE: The bill is vague in defining what health or legal duty reasons would apply, making it uncertain what could be included as eligibility for exemption under this bill.

ADMINIS	STRATIVE SERVIO	CES STATE BUDGET DIVISION: REVIEW	V OF AGENCY & POLT. SUB. RESPONSE		
LB: 1151	AM:	AGENCY/POLT. SUB: Departn	nent of Revenue		
REVIEWED BY	Y: Neil Sullivan	DATE: 2/21/2024	PHONE: (402) 471-4179		
COMMENTS: The Department of Revenue assessment of minimal fiscal impact from LB 1151 appears reasonable.					

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 1151 AM: AGENCY/POLT. SUB: Douglas County Assessor						
REVIEWED BY	REVIEWED BY: Neil Sullivan DATE: 2/20/2024 PHONE: (402) 471-4179					
COMMENTS: The Douglas County Assessor assessment of no fiscal impact from LB 1151 appears reasonable.						

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 1151	AM:	AGENCY/POLT. SUB: Lancas	AGENCY/POLT. SUB: Lancaster County Assessor			
REVIEWED B	Y: Neil Sullivan	DATE: 2/20/2024	PHONE: (402) 471-4179			
COMMENTS: The Lancaster County Assessor assessment of no fiscal impact from LB 1151 appears reasonable.						

LB 1151 Fiscal Note 2024

State Agency Estimate						
State Agency Name: Department of	f Revenue				Date Due LFO:	
Approved by: James R. Kamm		Date Prepared:	02/20/2024		Phone: 471-5896	
	FY 2024	1-202 <u>5</u>	FY 202:	<u>5-2026</u>	FY 2026	-2027
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$ 0		\$ 0		\$ 0	
Cash Funds						
Federal Funds	-					
Other Funds						
Total Funds	\$ 0		\$ 0		\$ 0	

LB 1151 creates a definition for "occupy" for the homestead exemption program. LB 1151 defines occupy as: 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 a homestead exemption, when the intention is to return to the property.

Currently, the occupancy requirement is fulfilled by the applicant residing in the homestead property for the majority of the time between January 1 and August 15 of the application year.

LB 1151 also modifies all homestead exemption statutes to incorporate the new definition when there is a general reference to homestead exemption statutes.

It is estimated that LB 1151 will have no impact on the General Fund expenditures.

It is estimated that there will be minimum costs to the Department of Revenue to implement this bill.

The operative date for this bill is three months after adjournment.

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	Operating Costs.						
Capital Outlay							
Total	ts	•••••					

LB ⁽¹⁾ 1151					FISCAL NOTE		
State Agency OR F	Political Subdivision Name: (2)	Douglas County Assessor/Register of Deeds					
Prepared by: (3)	Michael Goodwillie	Date Prepared: (4) 1/16/20243		Phone: (5)	_(402 444-6703		
	ESTIMATE PROVI	DED BY STATE AGEN	ICY OR POLITICAL	SUBDIVIS	SION		
	<u>FY S</u> <u>EXPENDITURES</u>	2024-25 <u>REVENUE</u>	<u>EXPENDITU</u>	<u>FY 2025</u> RES	-26 <u>REVENUE</u>		
GENERAL FUN	DS						
CASH FUNDS							
FEDERAL FUNI	DS						
OTHER FUNDS							
TOTAL FUNDS	0	0	0		0		

Explanation of Estimate:

LB 1151 adds a definition of the term "occupy" to the statutes governing the homestead exemption program. To qualify for homestead exemption, an applicant must be an owner-occupant of the home. Occupy is defined in LB 1151 as residing on a property with the intention of maintaining the property as the owner's primary residence. It also provides that a departure from the property due to health or legal duty shall not disqualify the owner as long as he or she demonstrates an intent to return. The idea is, I imagine, that if someone has to go to a medical facility for a time, that person can still qualify for homestead if the intent is to return home after leaving the medical facility.

There is currently a Department of Revenue Regulation, Nebraska Administrative Code Title 350, Chapter 45, Regulation 002.19A, dealing with situations where a resident goes into a nursing home. The regulation indicates that the intent to return is key, the owner's furnishings are still there and the property has not been leased. As a practical matter, then, our office is already doing what LB 1151 would mandate. Therefore, we do not believe LB 1151 would add administrative costs to our office.

LB 1151 does touch an issue that has never been well-defined. When a senior property owner goes into a rehab or nursing facility, how long can they be considered an owner-occupant? And at what point does an "intent to return" become unreasonable due to the physical or mental condition of the property owner? As an example, our office encountered a situation where a property owner was close to 100 years of age and had been in nursing homes for a decade, yet his daughter continued to file homestead exemption applications on his behalf, insisting that her dad intended to return home. Does the owner in this scenario still qualify for exemption under LB 1151? It would be helpful, if the Legislature wants to address what occupancy looks like, if they would consider when occupancy ends.

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Personal	Services:

	NUMBER OF POSITIONS		2024-25	2025-26	
POSITION TITLE	<u>24-25</u>	<u>25-26</u>	EXPENDITURES	EXPENDITURES	
Benefits					
Operating					
Travel					
Capital outlay					
Aid	•				
Capital improvements	•				
TOTAL					

LB ⁽¹⁾ 1151			FISCAL NOTE					
State Agency OR Political Subdivision Name	Lancaster County	Lancaster County Assessor/Register of Deeds						
Prepared by: (3) Dan Nolte	Date Prepared: (4)	01/12/2024 Phone: (402-441-7463					
ESTIMATE PR	OVIDED BY STATE AGE	NCY OR POLITICAL SUBDIV	ISION					
	FY 2024-25	FY 209	25-96					
EXPENDITU		EXPENDITURES	REVENUE					
GENERAL FUNDS								
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS								
TOTAL FUNDS								
Explanation of Estimate: The proposed legislation will have litt								
BREAKD Personal Services:	OOWN BY MAJOR OBJECT	ΓS OF EXPENDITURE						
rersonar Services:	NUMBER OF POSITION	S 2024-25	2025-26					
POSITION TITLE	<u>24-25</u> <u>25-26</u>	<u>EXPENDITURES</u>	EXPENDITURES					
		_						
p								
Benefits								
Operating Travel								
Capital outlay								
Aid								
Capital improvements								
TOTAL								