

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

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

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

LB 39 would make changes to the Homestead Exemption Program under section 77-3506.03.

Under the bill, for homesteads valued at or above the maximum value, the exempt amount would not be reduced and the homestead would be 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 or in calendar year 2022, 2023, or 2024;
- Was valued below the maximum value plus \$20,000 in such year; and
- Is not ineligible for an exemption under section 77-3507 or 77-3508 for any reason other than as provided in subsection (1) of section 77-3506.03.

The bill also would make changes so that the percentage of the exempt amount for a homestead for any year such homestead is valued at or above the maximum value and is eligible for exemption under subsection (2) of section 77-3506.03 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 plus \$20,000.

The bill would become operative on January 1, 2025.

This bill would increase General Fund expenditures through expansion of the Homestead Exemption Program starting in FY26. Also, there is estimated to be General Fund expenditures connected to the DOR's responsibilities as a result of the changes to the Program under this bill. Given current information, the effect is indeterminant. If further information is received, the fiscal note for this bill will be updated.

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

2024

**LB<sup>(1)</sup> 39—Special Session 2024**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Michael Goodwillie Date Prepared: <sup>(4)</sup> 7/30/2024 Phone: <sup>(5)</sup> 402 444-6703

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

**Explanation of Estimate:**

LB 39 looks to avoid “value creep” for homestead exemption. Currently, homestead eligibility, based on the value of the house, is either 200% or 225%, depending on the category, of the average value of a single-family home in Douglas County. Then, if value as above the eligibility amount, eligibility phases out in increments of ten percent for each increment of \$2,500 that value exceeds the maximum eligibility amount. Although the maximum eligibility amount increases as the average value of a single-family home increases, there could be instances where a valuation increase or several increases renders the value of the home ineligible for homestead. To provide some perspective, the 2023 average value of a single-family residence in Douglas County was \$253,990. The maximum eligibility amount for those applicants over 65, before phase out, was twice that--\$507,980.

LB 39 seeks to avoid value increases pushing someone who has been in homestead out of the program. So, if a homeowner was in homestead in any of the last three years—2022, 2023, or 2024 and was valued at maximum value plus \$20,000 in that year, that homeowner remains in the program even if the current value is in excess of the maximum value for eligibility. It also provides that the percentage of eligibility based on value will remain the same as in that prior year. So, if a property owner qualified for a fifty percent exemption based on their value in one of those prior years, going forward that property will retain that percentage homestead exemption regardless of its new value. The exception to that would be if the homestead is rendered ineligible for some other reason—the owner no longer lives in the home, or the owner’s income exceeds the income limits for the program might be two such reasons.

In our estimation, this will not affect that many properties. As an example, there were three (3) homestead applications denied in 2023 based on a home value that exceeded the maximum value eligibility amount who had been in the program in 2022. Because the maximum value for eligibility increases when values increase overall, for most in the program the increase in the value of their property does not render them ineligible due to the increase to the average value of a single-family home and the maximum value for eligibility.

Our office does not believe LB 39 will result in an additional expenditure for administrative costs nor will the additional tax loss, when compared to the overall tax base in Douglas County, be significant. We see no real fiscal impact from LB 39.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</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.

2024

LB<sup>(1)</sup> 39

FISCAL NOTE

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

Prepared by: <sup>(3)</sup> Dan Nolte

Date Prepared: <sup>(4)</sup> 7/29/24

402-441-7463

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

This proposed legislation appears to have minimal fiscal impact on this office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</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.

**2024**

**LB<sup>(1)</sup> 39**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Lancaster County (Budget & Fiscal)

Prepared by: <sup>(3)</sup> Kevin Nelson Date Prepared: <sup>(4)</sup> 7/29/2024 Phone: <sup>(5)</sup> 402-441-7448

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Minimal fiscal impact to Lancaster County.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

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