

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$601,174		\$884,643,500	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$601,174		\$884,643,500	

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

LB 152 amends the Homestead Exemption Program.

Under the bill, all homesteads in the state shall be assessed for taxation the same as other property, except that commencing January 1, 2026, there shall be exempt from taxation of homesteads the first \$100,000 of the actual value of the homestead.

The exemptions in sections 77-3506, 77-3507, and 77-3508 shall be in addition to the exemption under this bill.

The bill is operative on January 1, 2026.

The Department of Revenue (DOR) estimates the following increase to General Fund expenditures under the Homestead Exemption Program as a result of this bill:

- FY27: \$884,559,000
- FY28: \$902,250,000
- FY29: \$920,295,000

The DOR also estimates a one-time programming charge of \$514,374 to be paid to the Office of the Chief Information Officer (OCIO) and the need to hire an IT Business Systems Analyst as a result of the bill.

There is no basis to disagree with these estimates by the DOR.

The Douglas County Assessor/Register of Deeds Office estimates additional staff needed due to the expected increase in applications for the Program. The Lancaster County Assessor/Register of Deeds Office also estimates a need for additional staff and furniture costs as a result of the bill. The 1% of the total reimbursement from the state to political subdivisions retained in the county general fund would help counties cover costs connected to the expansion of the Program under this bill.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 152	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Ryan Yang	DATE: 3/10/2025	PHONE: (402) 471-4178	
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 152 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 152	AM:	AGENCY/POLT. SUB: Douglas County Assessor/Register of Deeds	
REVIEWED BY: Ryan Yang	DATE: 1/23/2025	PHONE: (402) 471-4178	
COMMENTS: No basis to disagree with the Douglas County Assessor/Register of Deeds assessment of fiscal impact from LB 152.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 152 AM: AGENCY/POLT. SUB: Lancaster County, Nebraska

REVIEWED BY: Ryan Yang DATE: 1/22/2025 PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the Lancaster County, Nebraska assessment of fiscal impact from LB 152.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 152 AM: AGENCY/POLT. SUB: Lancaster County Assessor/Register of Deeds

REVIEWED BY: Ryan Yang DATE: 1/17/2025 PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the Lancaster County Assessor/Register of Deeds assessment of fiscal impact from LB 152.

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

2025

LB⁽¹⁾ 152 (Amended Note)

FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Goodwillie Date Prepared: ⁽⁴⁾ 1/22/2025 Phone: ⁽⁵⁾ (402) 444-6703

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$1,222,500</u>	<u> </u>	<u>\$1,246,950</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u><u>\$1,222,500</u></u>	<u><u> </u></u>	<u><u>\$1,246,950</u></u>	<u><u> </u></u>

Explanation of Estimate: LB 152 would, effective in 2026, provide an exemption from property taxes for the first \$100,000 in the value of owner-occupied residences. It uses the vehicle of the current homestead exemption structure and requires an annual application with the local assessment office between February 1 and June 30 each year. However, unlike current homestead exemption which, for many applicants is “means-tested” based on the value of the home and the income of the applicant, this \$100,000 exemption appears to apply without any sorts of means-test. The “tax loss” to local subdivisions would be reimbursed by the State of Nebraska. Those who would currently qualify for homestead would have that exemption on top of the first \$100,000 in value.

The bill would be substantial. There are approximately 143,596 parcels in Douglas County that are improved residential, including mobile homes and condominiums for which the owner’s mailing address is the same as the parcel address. (Since we don’t know who lives in houses, that is the best surrogate available for owner-occupied residences.) Of those, 6,232 have a value of less than \$100,000 and would be fully exempt. Their value is \$389,517,958. The remaining 137,364 parcels would have the full \$100,000 exemption and that represents \$13,736,400,000 in value. Potentially then, LB 152 would exempt \$14,125,917,958 in value. At a 2% tax rate, that represents a tax loss of \$282,518,359 for political subdivisions that would have to be reimbursed in Douglas County. Even if the school district tax credit were applied to that, the state reimburses that too, so in the end, the reimbursement would be significant.

At a micro level, this office would have significant administrative costs. Currently, we process around 15,000 homestead applications a year. Subtracting what we already process from the universe of parcels that could qualify for the first \$100,000 exemption and have to file an annual application with this office, represents in excess of 128,000 potential new applications to review and process within the February 1 to June 30 application window. Adding potentially close to 128,000 new applications would require considerable investments in staff to process and review the applications. There may be ways to streamline the process but there will be similar issues for these applicants that we deal with in our current homestead review—Who actually owns the home and has the applicant lived there during the residency period required by the homestead statutes—that will require more review than simply a rubber stamp of every application that comes in. Our office estimates a minimum of 25 new staffers.

LB 152 would provide a significant financial impact to this office in terms of administrative costs. It would also carry a significant reimbursement price tag for the state for the tax loss it would engender.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Assessor Support Tech I	25	25	\$1,222,500	\$1,246,950
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2025

LB⁽¹⁾ 152

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dan Nolte Date Prepared: ⁽⁴⁾ 01/17/25 Phone: ⁽⁵⁾ 402-441-7463

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>4500</u>	<u> </u>	<u> </u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>4500</u>	<u> </u>	<u> </u>	<u> </u>

Explanation of Estimate: Furniture for additional staff

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
	<u>3</u>	<u>3</u>	<u>210,000</u>	<u>210,000</u>
Benefits.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Operating.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Travel.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital outlay.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Aid.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Capital improvements.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL.....	<u> </u>	<u> </u>	<u> </u>	<u> </u>

We would anticipate three additional staff needed to process the increase in homestead exemption filings. Above estimate includes benefits.

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2025

LB⁽¹⁾ 152

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County, Nebraska

Prepared by: ⁽³⁾ Dennis Meyer Date Prepared: ⁽⁴⁾ 1/17/2025 Phone: ⁽⁵⁾ 402-441-6869

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</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:

Lancaster County will experience reductions in property tax revenue as a result of the expanded homestead exemption. The state will reimburse counties for this revenue loss; however, the mechanism relies on annual certifications and timely state funding availability.

Other potential issues include:

- **Timing Delays:** Reimbursement payments are made monthly starting the year after certification, which may result in cash flow challenges for counties.
- **Adjustment Delays:** If homestead exemptions are adjusted or approved after the certification period, counties may wait until the following fiscal year for reimbursement adjustments.
- **State Budget Constraints:** The reimbursement depends on state appropriations, and funding shortfalls during economic downturns could limit full reimbursement to counties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26 EXPENDITURES</u>	<u>2026-27 EXPENDITURES</u>
	<u>25-26</u>	<u>26-27</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2025

LB⁽¹⁾ 152

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/15/2025 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</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:

The fiscal estimates below use both the county levy and the total tax rate as provided in calculations on LB22, 108th Legislature, 1st Special Session:

For purposes of LB152, after reviewing the number of residential improvement records and agricultural with home site improvement records using the most available CTL data, we then multiplied the number of records by \$100,000 to estimate the loss in taxable valuation. Also, we checked this figure using 2020 census data for owner-occupied housing. We then multiplied the county amounts by each county's 2024 levy to estimate the total lost county revenue.

The estimate of the proposed exemption would result in a reduction of taxable valuation for all 93 counties between \$50,702,100,000 and \$68,422,900,000. We estimate that the proposed exemption would result in lost county revenue for all 93 counties between \$138,361,864 and \$186,572,174. The reason for the estimate range is due to using U.S. Census data versus CTL records.

However, the above figures are estimated using the county levy for each county. If we were to estimate the lost revenue using the total tax rate for each county, the proposed exemption in LB152 would result in lost revenue between \$835,532,255 and \$1,111,981,087.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26 EXPENDITURES</u>	<u>2026-27 EXPENDITURES</u>
	<u>25-26</u>	<u>26-27</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

