

Revised per Response from Dept. of Revenue

**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>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	\$418,608		\$15,647,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$418,608</b>		<b>\$15,647,000</b>	

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

This fiscal note has been updated to reflect new 2023 data from the U.S. Department of Veterans Affairs utilized by the Department of Revenue (DOR) whereas previous calculations to calculate General Fund expenditure increases under this Homestead Exemption Program expansion included 2019 data. The expenditures have also been updated to include costs for the DOR to pay the Office of the Chief Information Officer (OCIO) for web development as, based on current IT system needs of the Homestead Exemption Program, the DOR estimates costs to fully implement this bill.

LB 30 seeks to allow homestead exemptions for veterans with at least 10% but less than 100% service-connected disability starting January 1, 2025. This would also apply to the unremarried surviving spouse of such veteran or a surviving spouse of such veteran who remarries after attaining the age of 57 years old. The amount of the exemption would be based on the disability percentage as follows:

<b>Disability Percentage</b>	<b>Exemption of Veteran in Dollars</b>
At least 90% but less than 100% disabled	\$ 1,000
At least 80% but less than 90% disabled	\$ 900
At least 70% but less than 80% disabled	\$ 800
At least 60% but less than 70% disabled	\$ 700
At least 50% but less than 60% disabled	\$ 600
At least 40% but less than 50% disabled	\$ 500
At least 30% but less than 40% disabled	\$ 400
At least 20% but less than 30% disabled	\$ 300
At least 10% but less than 20% disabled	\$ 200

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

- FY26: \$15,647,000
- FY27: \$17,046,000
- FY28: \$18,571,000

The DOR also estimates \$418,608 to be paid to the Office of the Chief Information Officer (OCIO) as a result of this bill.

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

The Lancaster County and Douglas County Assessor/Register of Deeds offices estimate additional staffing costs as a result of the bill.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 30	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Neil Sullivan	DATE: 8/1/2024	PHONE: (402) 471-4179	
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 30 appears reasonable.			

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

LB: 30            AM:                            AGENCY/POLT. SUB: Lancaster County

REVIEWED BY: Neil Sullivan            DATE: 7/29/2024                            PHONE: (402) 471-4179

COMMENTS: No basis to disagree with the Lancaster County assessment of fiscal impact from LB 30.

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

LB: 30            AM:                            AGENCY/POLT. SUB: Nebraska Association of County Officials

REVIEWED BY: Neil Sullivan            DATE: 7/29/2024                            PHONE: (402) 471-4179

COMMENTS: The Nebraska Association of County Officials assessment of fiscal impact from LB 30 appears to be reasonable.

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

2024

LB<sup>(1)</sup> 30

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> \_\_\_\_\_

(402) 515-9644

Prepared by: <sup>(3)</sup> Michael Goodwillie Date Prepared: <sup>(4)</sup> 7/29/2024 Phone: <sup>(5)</sup> 402 515-9644

**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	\$93,100.80		\$95,428.32	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

**Explanation of Estimate:**

LB 30 is a revival of LB 126 from the 2023 session and would provide homestead benefits to veterans with a service-connected permanent disability rating of less than 100%. The exemption is expressed in a monetary amount based on the percentage disability rating so that those with a 90% disability would get a \$1,000 benefit, those with 80% would get \$900 and so on down the line to those with a 10% disability rating qualifying for a benefit of \$200. The bill is a little confusing in the sense that the exemption in the homestead statutes is typically described in terms of the value of the property or a percentage of the value of the property and it is not entirely clear whether the benefit amounts described in the bill are an amount of taxes or an amount of value. The assumption for this note is that the intent was to express an amount of taxes, since exempting \$1,000 in value, for those between a 90% and 100% disability rating represents only \$20 in taxes at a two percent tax rate.

Those veterans who would qualify would have to own and occupy their own home and file an annual application. It is fair to say that the passage of the bill would mean more homestead applications for this office to review and process. The difficulty is in estimating how many more applications would be likely to come in. The most recent number we have for partially disabled veterans from the local veteran's service officer is 7,363 from February of 2022. We have asked for an update but have not yet seen new figures. Additionally, not all permanent, service-connected disabled veterans with less than a 100% disability rating would be filing an application. They would need to own and occupy their home and not all veterans fitting this category do. We also do not know how many of those veterans are in what category of percentage disability.

For argument's sake, if you assume half of the veterans in this partial disability category own a home and file an exemption application, that represents 3,681 new applications. This year, ur staff typically receives close to 16,000 homestead applications that are processed with a staff of nine employees. So we would project needing two additional staffers to process the applications. As for the amount of additional tax loss to be reimbursed by the state, assuming a level of 50% disability (some applicants will be more; some will be less), the tax benefit is \$600. Multiplied by 3,681, that represents an additional tax loss of \$2,208,600.

**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>
Assessor Support Tech	2	2	\$93,100.80	\$95,428.32
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL</b> .....				

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

**2024**

**LB<sup>(1)</sup> 30**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Dan Nolte Date Prepared: <sup>(4)</sup> 07/29/24 Phone: <sup>(5)</sup> 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	\$20,000		\$20,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>				

Explanation of Estimate: With the changes proposed with this bill, an increase in volume of filings as well as additional calculations for the exemptions may require overtime wages to accomplish the requirements on a timely basis. This is reflected in the estimate above.

**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.....				
<b>TOTAL.....</b>				

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

**2024**

**LB<sup>(1)</sup> 30 Special Session**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Association of County Officials (NACO)

Prepared by: <sup>(3)</sup> Elaine Menzel Date Prepared: <sup>(4)</sup> 7/29/2024 Phone: <sup>(5)</sup> 402.434.5660

**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	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

LB 30 would exempt from taxation property based on the disability percentage of the veteran.

According to a U.S. Department of Veteran Affairs report, there were 43,465 disabled veterans in Nebraska. While the additional exemptions would result in a loss in tax revenues due to additional exemptions in property taxation, the county would certify to the Tax Commissioner the total tax revenue, including that incurred as a result of LB 30, that will be lost to all taxing agencies, including counties, from taxes levied and assessed in that year because of exemptions allowed that year. The State reimburses such amount to the counties on January 1 next following the certification.

**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.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____



The Department of Revenue (DOR) used data from the Compensation and Pension by county 2023 report published by the U.S. Department of Veterans Affairs and estimated that the percentage of the 100% service-connected disabled rating over 0% to 100% and including 100% service-connected disabled rating is approximately 15% (for every person with 100% disabled rating, there are approximately six persons between 0% to 100% disabled rating). In addition, based on the Compensation and Pension by county 2023 report, there are about 50% veterans with disabled rating between 0% to 100% disabled rating are over 65 years old. It is assumed that there are about 70% of the people who are over 65 years old that qualify for the Homestead Exemption Program. All these statistics were used along with current homestead data, and it is estimated that this bill will increase the General Fund expenditures as follows:

Fiscal Year	General Fund expenditures
FY2024-2025	\$ -
FY2025-2026	\$ 15,647,000
FY2026-2027	\$ 17,046,000
FY2027-2028	\$ 18,571,000

LB 30 will require a one-time programming charge of the \$418,608 paid to OCIO for web team development.

The operative date for this bill is January 1, 2025.