

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	\$37,099,014		\$78,095,917	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$37,099,014		\$78,095,917	

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

LB 924 would add to homestead exemptions so that homestead exemptions would apply to homesteads of individuals that reside in qualified census tracts. The exemptions would be a percentage of the exempt amount as limited by section 77-3506.03 and would be based on household income of a claimant. The exempt amount for this added exemption would be the lesser of:

- The taxable value of the homestead; or
- 120% of the average assessed value of single-family residential property in the claimant’s county of residence or \$50,000 whichever is greater.

This bill contains the emergency clause.

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

- FY 24-25: \$36,830,000
- FY 25-26: \$78,070,000
- FY 26-27: \$82,760,000
- FY 27-28: \$87,720,000

The DOR also estimates a one-time programming charge of \$269,014 to be paid to the Office of the Chief Information Officer (OCIO) for mainframe development and costs for maintenance in subsequent years of \$25,917.

There is no basis to disagree with these estimates.

Responding counties estimated IT costs for programming and personnel costs to process additional applications as a result of this bill.

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2024

LB⁽¹⁾ 924

FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Goodwillie Date Prepared: ⁽⁴⁾ 1/16/2024 Phone: ⁽⁵⁾ (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	<u>\$139,500</u>	_____	<u>\$142,987</u>	_____

Explanation of Estimate:

LB 924 would expand the pool of potentially eligible recipients for full or partial homestead exemption to owner occupants of homes who live in qualified census tracts, a geographic area in which at least 50% of households have an income less than 60% of the annual area median income. This would be an additional class of eligible recipients, in addition to seniors, people with certain types of disabilities, and disabled veterans. The bill does not change any other requirements for the program—owner-occupancy, home value, or income for eligibility. It does not change any of the application requirements in terms of dates. It does have an emergency clause, meaning that it would take effect in the middle of homestead application season, which runs from February 2 to June 30.

Estimating the fiscal impact of the bill creates a number of difficulties. First, what is the pool of potential additional applicants? Using a map of qualified census tracts from 2022 that we obtained from the website of the Nebraska Department of Economic Development and our own mapping department, we were able to identify 19,578 single-family dwellings in which the owner’s mailing address and the property address were the same in order to eliminate rental properties. Those properties had a total value of \$2,897,646,378 and an average value of \$148,013. Using census data for a median income in the City of Omaha of \$70,002 (it appeared from the map that most of the qualified census tracts were in the City of Omaha), 60% of that median income is \$42,013. Currently, that income amount is eligible for at least a partial exemption for all homestead categories. At least 50% of those households are below that threshold in income so you could say that at least half of those 19,578 single-family dwellings would be households that would qualify for at least a partial exemption under LB 924—9,789 potential new applicants. Some households in these tracts are already in the homestead program. It is unlikely that all of them would apply but if even half did, approximately 4,900 new applicants would be represent considerable administrative costs for this office, at least three additional staffers. Adding to the difficulty is the emergency clause, which would have people seeking the exemption here in 2024.

In terms of value and tax loss, that really is up in the air because you don’t know how many applicants you will have and what their incomes would qualify for, in terms of the percentage of homestead exemption. But let’s start with 4,000 new applicants, an average value of \$148,000 for houses in the qualified census tracts, and treat the new applicants as 50% qualifiers based on income. 4,000 new applicants x an average value of \$148,000 represents \$592,000,000 in property value. Treating the applicants as 50% qualifiers reduces that amount to \$296,000,000 in value. Multiplied by a 2.25% property tax rate results in a tax loss of \$6,660,000 that, under current law, would have to be reimbursed from the state to political subdivisions in Douglas 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>
Assessor Support Tech	3	3	\$139,500	\$142,987
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$139,500	\$142,987

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

2024

LB⁽¹⁾ 924

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dan Nolte Date Prepared: ⁽⁴⁾ 01/16/2024 Phone: ⁽⁵⁾ 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	<u>75,000</u>	<u> </u>	<u>75,000</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>75,000</u>	<u> </u>	<u>75,000</u>	<u> </u>

Explanation of Estimate:

We anticipate an increase in the number of homestead exemption filings. Depending upon the volume, this could result in an increase in staffing levels. There may also be some overtime costs with programming on the GIS area to pull information by census tract. There would also be some potential programming costs which are included in this amount.

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>
Land Records Tech 1	<u> </u>	<u> </u>	<u> </u>	<u>45,000</u>
Benefits.....	<u> </u>	<u> </u>	<u> </u>	<u>20,000</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>65,000</u>

Overtime and programming is estimated at \$10,000

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2024

LB⁽¹⁾ 924

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dennis Meyer Date Prepared: ⁽⁴⁾ 1-16-24 Phone: ⁽⁵⁾ 402-441-6869

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:

No fiscal impact to Lancaster County – additional funding will come from the state.

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.....	_____	_____	_____	_____

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2024

LB⁽¹⁾ 924

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/11/2024 Phone: ⁽⁵⁾ 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	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 924 would provide a homestead exemption for individuals that reside in qualified census tracts and increase the pool of eligible qualified claimants. Such increase in qualified claimants would result in an unknown number of additional claims to process by county assessors and county boards of equalization. The fiscal impact to counties would be negligible.

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.....	_____	_____	_____	_____

Utilized data from the census tracts defined by U.S. Department of Housing and Urban Development, current homestead population data, and data from U.S. Census, DOR estimated that LB 924 will have the following impact on the General Fund expenditures:

Fiscal Year	General Fund expenditures
FY24-25	\$36,830,000
FY25-26	\$78,070,000
FY26-27	\$82,760,000
FY27-28	\$87,720,000

LB 924 will require a one-time programming charge of \$269,014 paid to the OCIO for mainframe development for FY2024-25, and a charge of \$25,917 to maintain the changed system for the subsequent years.

This bill contains an emergency clause and becomes law upon enactment.