PREPARED BY: DATE PREPARED: PHONE: Douglas Gibbs February 05, 2018 402-471-0051

LB 1089

Revision: 00

FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 20 ⁻	18-19	FY 2019-20			
	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 1089 amends Nebraska Revised Statutes Section 77-376 to provide that audit and examination criteria and standards, discovery techniques, the design of technological systems to detect fraud and inconsistencies, and other such techniques used by the Department of Revenue to detect fraud, underreporting, and tax avoidance are confidential information.

New language in the bill provides that property that is destroyed or damaged by a major calamity between the normal assessment date of the property and July 15 may be reassessed upon petition by the property owner. The county assessor is to file a report with the county board of equalization by July 20. The county board then may approve or deny the report. If approved, the report is to be forwarded to the Property Tax Administrator. If the county board denies the report, an appeal may be filed with the Tax Equalization and Review Commission. Major calamity is defined in the bill.

Section 77-2791 is amended to provide that a refundable tax credit is considered an overpayment to that extent that the credit exceeds the tax liability.

A number of sections of statute dealing with the homestead exemption are amended to:

- Merge the classification granted in Section 77-3509, regarding the unremarried spouse of a serviceman or servicewoman who died while on active duty or the surviving spouse of such person who remarries after age 57, into the classification granted in Section 77-3506, which is for disabled veterans or their spouses.
- Clarifies language regarding the transfer of homestead exemptions when the recipient moves and harmonizes language;
- Eliminates the difference between original applications for a homestead exemption and the certification that nothing has changed in subsequent years. Does not change status and basically harmonizes language and usage;
- Requires notification of a rejection be sent within 10 days.
- > Amends Sections 77-3509.01 and 77-3509.02 to provide that the deadline for filing an application for transfer will move from August 15 to within 30 days of receiving a rejection notice;
- Amends Section 77-3523 to require, in addition to the county treasurer, that the county assessor file reports or amended reports which claim tax loss for the homestead exemption.

The bill contains the emergency clause.

The Department of Revenue estimates a minimal fiscal impact to the General Fund and minimal cost to implement the provisions of LB 1089.

We have no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 1089 AM: AGENCY/POLT. SUB: Dept. of Revenue						
REVIEWED B	REVIEWED BY: Lyn Heaton DATE: 2/5/2018 PHONE: (402) 471-4181					
COMMENTS: No basis upon which to disagree with the Department of Revenue's analysis.						

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 1089 AM: AGENCY/POLT. SUB: NE. Assoc. of County Officials (NACO)						
REVIEWED E	BY: Lyn Heaton	DATE: 2/2/2018	PHONE: (402) 471-4181			
COMMENTS: Concur with the NACO analysis that the fiscal impact on counties is indeterminate.						

LB 1089 Fiscal Note 2018

State Agency Estimate						
State Agency Name: Department of Revenue Date Due LFA: 2/5/2018						
Approved by: Tony Fulton Date Prepared: 2/5/2018 Phone: 471-5896						
	FY 2018	-2019	FY 2019	D-2020	FY 202	20-2021
	Expenditures	Revenue	Expenditures	Revenue	<u>Expenditures</u>	Revenue
General Funds	Minimal		Minimal		Minimal	
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	Minimal		Minimal		Minimal	
•	•		•			

Section 1 would amend Neb. Rev. Stat. § 77-376 to assure that audit selection criteria and standards, discovery techniques, and the design of automated detection systems are confidential information.

Section 2 would be a new section of statute that allows property that is destroyed by a major calamity to be reassessed until July 20 of the tax year. A petition to reassess the property may be filed by either the property owner or the county assessor. If such a petition is filed, the county assessor is to file a report, including the current value of the property, with the county board, which makes the final decision regarding reassessed value.

Section 3 would amend Neb. Rev. Stat. § 77-2791 to provide that a refundable tax credit is only an overpayment to the extent that the refundable credit exceeds tax liability.

Sections 4 through 20 would make several changes in the homestead exemption program:

- 1. Merge the classification granted in Neb. Rev. Stat. § 77-3509 for an unremarried spouse of a service person who died while on active duty or a surviving spouse of such a service person who remarries after attaining the age of fifty-seven years into the classification granted in Neb. Rev. Stat. § 77-3506 for disabled veterans or their spouses. This change will increase the benefit available to these unremarried spouses and put them on an equal footing with the unremarried spouses in § 77-3506. Section 23 would repeal § 77-3509 outright. There are very few beneficiaries in the category covered by § 77-3509;
- 2. Clarify language regarding transfers of homestead exemptions when the recipient moves, and make the terms more consistent throughout the section;
- 3. Eliminate the difference between original applications for a homestead exemption and the certification that nothing has changed in later years. Because value and income may change every year, there is no difference between the application and the certification forms, and no reason for the different terminology. This does not change in any way the status of those exempted from application;

Benefits Operating Costs. Travel. Capital Outlay. Capital Improvements.	Class Code	Classification Title	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 Expenditures	19-20 Expenditures	20-21 Expenditures
Operating Costs								
Operating Costs								
Operating Costs								
Operating Costs	Renefits			l.	l.			
Fravel	Operating Costs							
Capital Outlay								
	Capital Outlay							
apital improvements.								

4. Require the notice of rejection of a homestead exemption for any reason to be sent within 10 days after the rejection. Currently there are different dates required for the rejection notices depending on the reason for the rejection, and "within a reasonable time" is one of the deadlines;

- 5. Amend §§ 77-3509.01 and 77-3509.02 to provide that the deadline for filing an Application for Transfer of Nebraska Homestead Exemption, Form 458T, will move from August 15 to within 30 days of receiving a Notice of Rejection of Homestead Exemption, Form 458R; and
- 6. Amend § 77-3523 to require the county assessor, in addition to the county treasurer, to file those reports or amended reports which claim tax loss for homestead exemptions that have been granted.

The property assessment and homestead exemption provisions are operative January 1, 2019. Sections 1 & 3 are operative on their effective date with an emergency clause.

The Department estimates a minimal effect on General Fund expenditures due to the changes in the homestead exemption program.

The Department estimates that there will be minimal costs to the Department to implement this bill.

LB (1) 1089			FISCAL NOTE					
State Agency OR Political Subdivision Name:	Nebraska Associatio	Nebraska Association of County Officials (NACO)						
Prepared by: (3) Elaine Menzel	Date Prepared: (4) 1	//22/2018 Phone: (5) 402.434.5660					
ESTIMATE PRO	VIDED BY STATE AGENCY	OR POLITICAL SUBDIVIS	SION					
	FY 2018-19	<u>FY 20</u>	19-20					
<u>EXPENDITUR</u>	RES REVENUE	EXPENDITURES	<u>REVENUE</u>					
GENERAL FUNDS	<u> </u>							
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS								
Explanation of Estimate:								
damaged by a major calamity occurrir	ig dailing odon amonamo.							
<u>BREAKD</u> Personal Services:	OWN BY MAJOR OBJECTS (OF EXPENDITURE						
POSITION TITLE	NUMBER OF POSITIONS 18-19 19-20	2018-19 EXPENDITURES	2019-20 EXPENDITURES					
Benefits								
Operating								
Travel								
Capital outlay								
Aid								
Capital improvements								
TOTAL								