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Revenue Committee
January 29, 2009

[LB94 LB239 LB302]

The Committee on Revenue met at 1:30 p.m. on Thursday, January 29, 2009, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB302, LB94, and LB239. Senators present: Abbie Cornett, Chairperson; Merton "Cap" Dierks, Vice Chairperson; Greg Adams; Galen Hadley; LeRoy Louden; Dennis Utter; and Tom White. Senators absent: Mike Friend. [LB302]

SENATOR CORNETT: Good afternoon and welcome to the Revenue Committee. I am Senator Abbie Cornett. To my left is Vice Chair Cap Dierks from Ewing; to his left is Senator Greg Adams from York; and Senator Hadley from Kearney. Our research analyst is Bill Lock; committee clerk is Erma James. To my far right is Senator Utter from Hastings; Senator Louden from Ellsworth; I believe Senator White from Omaha will be joining us; and Senator Friend from Omaha will not be here today. To my immediate right is legal counsel, Shannon Anderson; and our pages are Rebecca Armstrong and Elsie Cook. Before we begin the hearing today, I'd ask everyone please turn their cell phones off or to vibrate. Sign-in sheets for testifiers are on the table by both doors, and need to be completed by everyone wishing to testify. If you are testifying on more than one bill, you need to submit a form for each bill. Please print, and complete the forms prior to coming up to testify. When you come up to testify, hand your forms to the committee clerk. There are also clipboards at the back of the room for you to sign in if you do not wish to testify, but would like to indicate your support or opposition to a bill. These sheets will be included in the official record. We will follow the agenda posted on the door. The introducer or representative will present the bill, followed by proponents, opponents, and neutral testimony. Only the introducer will have the opportunity for closing remarks. As you begin your testimony, please spell your first and last name for the record. If you have any handouts, please present those to the pages. We do need ten copies of those; if you do not have ten copies, the pages can make copies for you. With that we will begin the Revenue Committee meeting, and you are recognized to open on LB302, Senator Campbell. [LB302]

SENATOR CAMPBELL: (Exhibit 1) Thank you very much. Thank you, Chairman Cornett and committee. My name, for the record, is Kathy Campbell, and I'm the senator from the 25th Legislative District. Kathy with a K-a-t-h-y; Campbell, C-a-m-p-b-e-l-l. I appreciate the opportunity to present LB302, the homestead exemption transfer bill. The intent of this bill is, we hope, to clarify the language in homestead exemption; is intended to allow for the transfer of a homestead exemption to another home before the original homestead is sold. We see it as a bill of clarification, and I have to tell you that I served on the Lancaster County board, and when the county assessor would come and tug on my sleeve and say, we have a problem, I'd pay very close attention. So that the intricacies or questions that you might have today, we do have a county assessor here to testify; to answer those specific questions that you might have. So I paid very close attention. This bill was brought to me by NACO through the request of the county

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assessors. Anecdotal evidence from the assessors...and here I'll have the pages give you...what we have done is contacted some of the assessors...and, actually, many of them that you're going to see on the pages today contacted us. And essentially what is happening here is, because of the downturn in the market, we are seeing people who are holding a homestead exemption...maybe want to downsize, want to go to some other housing for their health reasons, and they are losing that homestead exemption because they are holding two properties. And what we want to be able to do is have only one homestead exemption but be able to transfer that. Because they are, in some cases, unable to sell that first house. And the way it is now, they pretty much have to sell that house before they can take that homestead exemption. And while we may not be dealing with a great number of people across the state, I'm sure that you can understand, in this time and age, when the assessors are seeing these problems, we felt it was important to bring it to you. With that introductory information, I would take any questions or, what you may want to do is, you may want to hear from the county assessor to make sure that we're very clear in explaining this to you. Okay? [LB302]

SENATOR CORNETT: Any questions from the committee? [LB302]

SENATOR CAMPBELL: And I will stay, should there be any questions at the end. [LB302]

SENATOR CORNETT: Seeing no questions, thank you. [LB302]

SENATOR CAMPBELL: Thank you, Chairman. [LB302]

SENATOR CORNETT: With that...proponents, please? [LB302]

MARILYN HLADKY: Good afternoon, Senators. My name is Marilyn Hladky. I am the Seward County assessor. My name is spelled Marilyn, M-a-r-i-l-y-n; Hladky, H-l-a-d-k-y. I'm here to support LB302 on behalf of NACO and the Nebraska State Assessor's Association. Currently, the assessors approve homestead exemptions based on a requirement that the applicant be owner/occupant of the homestead as of January 1 - August 15 for the year that they are applying for. The Department of Revenue then qualifies that applicant based on their income. Under current law, if the owner buys and moves to a different home on or before August 15, they can transfer their homestead exemption to the new property only if they can sell the first property. If the previous property wasn't sold by then, then they actually lose a homestead exemption on both properties; they both become taxable. Removing the requirement that the old property be sold by August 15 will remove possibility of someone losing their homestead exemption, simply because they haven't been able to sell the house that they no longer live in. This bill will not make it possible for anyone to qualify on both houses, and just like all other applicants, they are still subject to those income limitations. In many cases, that applicant may be downsizing; moving to a residence with more carefree

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maintenance; they could be moving due to the death of a spouse; some limited income; health reasons; they may want to move closer to their families and doctors; and those kinds of reasons. It does not make sense to penalize someone for simply having ownership of two houses at once, often against their desires. With the current real estate market, houses are sitting for longer and longer, and this situation may become more common. Another example of why this bill makes sense is, an applicant who has lived in a home for several years and has rental property can currently apply and qualify for the homestead exemption, based on the house that they own and occupy, as long as they meet those income limitations. So owning rental property currently does not even come into play on this homestead exemption. In short, this bill fixes a shortcoming in current law that unnecessarily removes a homestead exemption from a deserving applicant. Thank you. [LB302]

SENATOR CORNETT: Senator Adams. [LB302]

SENATOR ADAMS: So when the homestead exemption is transferred, they have to be occupying that place in order to get that homestead exemption? [LB302]

MARILYN HLADKY: On the new... [LB302]

SENATOR ADAMS: On the new place, yes. [LB302]

MARILYN HLADKY: ...on the new one? Yes. [LB302]

SENATOR ADAMS: Okay. [LB302]

MARILYN HLADKY: Yes. [LB302]

SENATOR CORNETT: Senator Utter. [LB302]

SENATOR UTTER: The rental income off of the house that they moved out of but haven't sold yet...that's included in their income qualification? [LB302]

MARILYN HLADKY: Yes, right now we have a form...and actually they'll start coming here February 2, they can start applying. The Department of Revenue supplies our offices with an income statement so if the people filed income tax, they have to have their income tax done first. If they don't file income tax, then they need to bring in all kinds of all their 1099s; everyone needs to bring in those Social Security 1099s; and then we fill them out. Our office does not make any judgment on if they qualify or not. We forward those forms on into the Department of Revenue, who, later in the year, by October 1st, notify our office who can qualify for exemption by and on what percentage. [LB302]

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SENATOR CORNETT: Senator Hadley. [LB302]

SENATOR HADLEY: Just a quick question. Is this effectively revenue neutral to the county, meaning that the value of the houses have nothing to do with the amount of revenue from property taxes with the homestead exemption? [LB302]

MARILYN HLADKY: Well, it's a reimbursement from the state of Nebraska, the program is. There are limitations on the amount of value that a home can be; it's a percentage of the average residential base. Every year, assessors in the county have to figure out what is your county's average residential value. And then that limit would be...and they just changed it last year...I think 200 percent of that residential value. So let's say my average is, in Seward County, is \$100,000, then people that...if their income qualifies them, can own a home up to \$200,000 then. [LB302]

SENATOR CORNETT: When you talked about the rental income, if they rent that house out until it sells...most of these homes are not being rented out; they're just sitting vacant, waiting for sale, am I correct? [LB302]

MARILYN HLADKY: On the one that they've moved out of? [LB302]

SENATOR CORNETT: Yes. [LB302]

MARILYN HLADKY: What I was saying was, for example, let's say I've turned 65 and I've had my own home and I've had two rental houses for the last ten years. [LB302]

SENATOR CORNETT: Got it. [LB302]

MARILYN HLADKY: I can apply...you know, that income that I get off of those will show up on that income statement. [LB302]

SENATOR CORNETT: Okay. [LB302]

MARILYN HLADKY: And another example would be, for example, I have a lot of people...Seward County's a very agricultural county, that people that live on farms, so they actually own other farm ground, and they could apply for their house, garage, and one acre in the country. [LB302]

SENATOR CORNETT: Okay, thank you very much. Any other questions from the committee? Thank you very much. [LB302]

MARILYN HLADKY: Okay, thank you. [LB302]

BETH BAZYN FERRELL: Good afternoon, Chairman Cornett, members of the

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committee. For the record, my name is Beth, B-e-t-h; Bazyn, B-a-z-y-n; Ferrell, F-e-r-r-e-l-l. I'm assistant legal counsel for the Nebraska Association of County Officials. I won't repeat what you've heard. I just wanted us to be on record as supporting this bill, and we appreciate Senator Campbell for introducing it for us. Happy to try and answer any questions. [LB302]

SENATOR CORNETT: Any questions from the committee? Seeing none, thank you. Next proponent. [LB302]

ROBERT COURTNEY: (Exhibit 2) Senator Cornett and members of the Revenue Committee, my name is Robert Courtney and I'm the volunteer statewide advocacy coordinator and a registered lobbyist for AARP Nebraska. I also volunteer for Saline County Eldercare and represent Saline County on the Lincoln Area Agency on Aging Advisory Board. I thank you for the opportunity to speak to you today in support of LB302. As a volunteer for Saline Eldercare, I assist the Saline County Assessor and the elderly with filing their homestead exemption applications. The homestead exemption provides a low-income elderly with a means to stay in their own homes as long as they are able. Many are living on incomes of less than \$10,000, and if they were required to pay their property taxes they would be forced to choose between taxes, utilities, medicine, and food. These are choices that they certainly don't wish to make. LB302, introduced by Senator Campbell, provides tax relief for those who choose to purchase a different home, usually to downsize and move into a smaller or one-level home, before their original residence can be sold. The homestead exemption program, Homestead Act, as it is currently written, requires that your previous home must be sold prior to transferring your homestead exemption to the new residence. Since the housing bubble literally burst and the economic downturn has slowed home sales to a crawl, many seniors are not eligible or able to sell that house that's qualified for the homestead, and as a result, they're not receiving their homestead exemption as they have in the past. This creates an unnecessary financial hardship. Allowing the transfer of the homestead exemption upon moving, rather than on the sale of the original home, will avoid this hardship. LB302 will provide the needed relief, and AARP Nebraska urges you to report LB302 favorably to General File. [LB302]

SENATOR CORNETT: Thank you, sir. Any questions from the committee? Seeing none, thank you. [LB302]

ROBERT COURTNEY: Thank you very much. [LB302]

SENATOR CORNETT: Next proponent. Are there opponents to the bill? Is anyone here to testify in a neutral capacity? Senator Campbell, you're recognized to close. [LB302]

SENATOR CAMPBELL: I'll waive closing. [LB302]

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SENATOR CORNETT: Thank you. That closes the hearing on LB302. We'll open the hearing on LB94; Senator Howard, you are recognized to open. [LB94]

SENATOR HOWARD: Good afternoon, Senator Cornett and members of the Revenue Committee. For the record, I am Senator Gwen Howard, and I represent District 9. Today I bring LB94 for your consideration. The purpose of LB94 is to provide some flexibility in dealing with applicants for homestead exemption. Current statute provides that it shall be the duty of each homeowner seeking the homestead exemption to file his or her application on or before June 30. If a county board of equalization wishes, it can extend that deadline to July 20. Beyond that date, there is no mechanism for legally accepting homestead exemptions, no matter how deserving the applicant. LB94 would enable a homestead application to be filed after the statutory deadline when the applicant has had a medical condition that impaired the applicant's ability to file the application in a timely manner. In other words, if the applicant has a medical condition that might have impaired his or her ability to file within the time deadlines provided by the current law, he or she could still file the application and have it accepted. This bill is a result of discussion with the Douglas County Assessor's Office. Their office processes in the neighborhood of 14,000 homestead applications every year. They also deal with late-filed applications and receive phone calls from potential applicants or their families who have not filed the application on time. Although they haven't kept statistics regarding the number of calls they receive regarding late applicants, many of those who have not met the filing deadline have had, during the time frame in which the applicants may be filed, a medical condition that has hampered the ability to fill in the application on time. Perhaps the applicant has been hospitalized for a time, or perhaps it is a condition that has disrupted the applicant's ability to manage their own affairs as well as they have in the past. When this happens, it is that homestead exemption application that gets put aside while everyone focuses on the person's medical condition, and by the time the applicant or a relative comes across the application, it is too late to file on time. Sometimes, it takes the tax statement in December to alert them that, in the disruption surrounding the applicant's medical condition, no one filed the homestead application. This bill is an effort to ensure that such medical disruptions don't keep deserving homestead applicants from receiving the exemption. There will be some documentation required with a late application under this bill to verify the medical condition of the applicant. As currently written, there must be documentation of the medical condition. This could be as simple as a note from the applicant's doctor. For disabled applicants to obtain a homestead exemption, such documentation is already required according to Section 77-3508 of Nebraska statute. Following my testimony, a representative from the Douglas County Assessor's Office will share additional information regarding the technical details of this bill. I would ask that you defer any questions to them. Thank you. [LB94]

SENATOR CORNETT: Any questions from the committee? Seeing none, thank you, Senator Howard. [LB94]

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SENATOR HOWARD: Wise to wait until the person who can answer the technical questions comes here. [LB94]

SENATOR CORNETT: Will you be staying for closing? [LB94]

SENATOR HOWARD: I will, thank you. [LB94]

SENATOR CORNETT: Thank you. Next...first proponent. [LB94]

ROGER MORRISSEY: Madame Chair, members of the Revenue Committee, Roger Morrissey, R-o-g-e-r M-o-r-r-i-s-s-e-y, Douglas County Assessor, Omaha, Nebraska. Thank you for the opportunity to address you this afternoon, and I want to thank Senator Howard for listening to some of the complaints that I have. Douglas County has 206,000 parcels, and about \$36 billion worth of real estate. And we have approximately 12,000 range for...maybe a little under 12,000, for homestead exemptions. People often ask me what the toughest part of my job is. And, you know, you kind of wear a bulls-eye, don't you, Morrissey, on the back of your T-shirt? You know, people are unhappy about property taxes going up and it's your fault. And without going into explanation there, I say no, actually it isn't, you know, as long as we're fair and we listen, that's good. The toughest part of my job is when I'll get a call in August or in the fall and it's from an elderly lady that says, Mr. Morrissey, I've had homestead for the last six years, and this year I didn't file on time. I'm sorry, I had a medical condition; was unable to file in a timely manner. What do I have to do? And I explain, you know, that the assessors follow the law of the state of Nebraska; there is no window for forgiveness. And then I'm often met with tears: Mr. Morrissey, if I go down to pay these taxes--like the gentleman from AARP said--I'm either not going to eat, I'm not going to be able to pay my utilities, or I'm not going to be able to pay some of my medical bills. What do you think I should do? And often that's followed with tears. And it's tough to say I have no option or no window, no opportunity for forgiveness. And here again, you know, we find seniors that don't have relatives. I mean, my mother's fortunate--she has eight children, seven of us still alive, so we could help out. But often, they don't have that opportunity. Now we're not talking hundreds, and we're not talking thousands of calls; I'm not going to sit here and say that. These are dozens of calls, probably, each year. And I would appreciate consideration, any consideration that you can give on helping these seniors. Not only in Douglas County, but in your counties also, and your districts also. And I've got Mike Goodwillie here; he's my chief deputy. Mike has worked for years with Department of Revenue and Department of Property Assessment and Taxation, and he's going to give some more important...probably he's a lot smarter than I am on the legislative end. But I'm willing to answer any questions. [LB94]

SENATOR HADLEY: Senator Cornett, Mr. Morrissey, I had a question on page 4, lines 10, 11, and 12. It says: an extension shall not be granted to an applicant who received

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an extension in the immediately preceding year. And I guess I just had a concern...I could see the possibility of someone having medical conditions in two consecutive years and needing an extension. I hate to put language in that limits it to one year, or at least...I guess, was there a reason that that was left in? [LB94]

ROGER MORRISSEY: Well, and here again I don't know the intent of why that was added, and I don't go back that far. I've been the assessor for ten years, and I think that's been in all ten years I've been the assessor. I would just expect that maybe it was to kind of serve a notice, don't...make sure you file on time, again, the next year. Filing on time means before the July 20 deadline. And that's, here again, if that's removed I'd have no objection either on that, Senator. [LB94]

SENATOR CORNETT: Senator White. [LB94]

SENATOR WHITE: Mr. Morrissey, I support this bill in general but I do have a technical question. Perhaps you can help. As I read it briefly right now, is it possible that a person could file a claim for preceding years? In other words... [LB94]

ROGER MORRISSEY: That's a good point, and my chief deputy and I have discussed that. And my thought, Senator, is that we don't go back. And probably what's going to happen is, and I've got a suggestion I would throw out, an alternative, is usually this is triggered in December. And then they realize their homestead exemption hadn't been filed when they get their tax statement and they're assessed off the full amount--the market value of their house. That's usually when I'll get most of the calls. Mike Goodwillie and I discussed maybe, since that's kind of a trigger date, and I agree that you can't leave the door open going back... [LB94]

SENATOR WHITE: More than one year. [LB94]

ROGER MORRISSEY: ...more than one year. I would make a recommendation if it was something like, in Douglas County, taxes don't become delinquent if first half is paid by April 1st. Usually if that's triggered in December, that gives them approximately 90 days to file under this provision. [LB94]

SENATOR WHITE: I'm not even worried about that so much, I mean...because one of the things...you can have people who have mild dementia who are still making it in their home, and I don't want to keep them out under this. On the other hand, I don't want to open the state up that somebody forgot for three years, now they can go back and try to get three years of homestead exemption. [LB94]

ROGER MORRISSEY: Right. But then... [LB94]

SENATOR WHITE: Can we limit it to just the preceding year in some method or manner

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of... [LB94]

ROGER MORRISSEY: I would go along with that. I would agree with you, Senator. And that's my personal opinion. I know there's some other parties to discuss that, but I think that's a point well taken. [LB94]

SENATOR CORNETT: Seeing no further questions. Next proponent. [LB94]

ROGER MORRISSEY: Thank you. [LB94]

MIKE GOODWILLIE: (Exhibit 3) Good afternoon; Mike Goodwillie, Douglas County Assessor's Office. My last name is spelled G-o-o-d-w-i-l-l-i-e. I want to thank the members of the committee for the opportunity to testify about the bill today. You are being handed a letter from a woman named Pam Roberts, who is the program manager of an organization called Volunteers Assisting Seniors. Ms. Roberts is our volunteer coordinator. Every year we have a number of office sites where we make staff and these volunteers available to potential homestead applicants to come and get assistance in preparing the application form. And so Ms. Roberts had initially planned to come testify today, but something came up and was unable to, so she was gracious enough to provide her thoughts on LB94 in writing. She is a person that obviously works with these volunteers and works with the elderly and has a pretty firsthand glimpse of the issues that many of them have with respect to preparing their homestead application. I don't want to belabor what you've already heard from Senator Howard and Mr. Morrissey, but as currently constituted, you have instances where the statute's deadlines are very inflexible: it shall be the duty of an applicant to file by a particular time, and there is absolutely no mechanism whatsoever to extend that time. And so every year people miss. And more often than not, it's because the person was in the hospital sometime during the filing period. Or even if that's not the case, it's like Senator White said: somebody's got a mild form of dementia; they're not maintaining their affairs quite as well as they once did. And then in December the tax statement shows up; it's somebody who would clearly qualify in terms of the value of their home and the income that they have, and yet there's no recourse. And so we would advocate LB94 as a means to deal with that particular kind of situation. Let me touch on a couple of things that I've heard today. Senator Hadley, you were asking about that July 20 extension language? [LB94]

SENATOR HADLEY: Yeah. [LB94]

MIKE GOODWILLIE: That language has been in the law for quite a little while. It's directed to, actually, the county board who can pass a resolution to extend that June 30 application deadline to July 20. The new language doesn't really deal with that; that just seemed like a logical place to put the late application language. But yes, in our county and probably in a lot of them, the county board will pass a resolution saying, you know,

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there may still be applicants that need to file for homestead. It's June 30, we don't want them to be late, and so we'll extend the deadline because we have the authority to do it. But I would have you know, and part of the reason for this bill is because even the county board, legally, statutorily, is out of luck after July 20. There's no authority to provide any additional grace period for somebody to file; no matter what their reason and no matter how deserving they happen to be. But I think Assessor Morrissey is right; that language has been there for quite some time. I think it was designed to give county boards a little bit of flexibility for that June 30 day. [LB94]

SENATOR HADLEY: I guess my question is, does that language apply to a person who is getting a medical waiver or, I mean, if I come in November 1 and I have this, I was... [LB94]

MIKE GOODWILLIE: No, Senator; the existing language that you're referring to which is in, I think, what was it...page 3 or page 4 of the bill? [LB94]

SENATOR HADLEY: Yes. [LB94]

MIKE GOODWILLIE: No, it doesn't. It simply talks about the board...yeah, it simply enables the board to simply extend that June 30 filing deadline to July 20. That particular subsection comes before our language and so no, I don't think it references the medical issue. [LB94]

SENATOR HADLEY: Okay, I just wanted to be sure that, you know, because I can see a person, an elderly person having one... [LB94]

MIKE GOODWILLIE: Sure. [LB94]

SENATOR CORNETT: ...valid reason one year and a valid reason the next year, and that we don't... [LB94]

MIKE GOODWILLIE: Sure. I think the medical issue would go beyond... [LB94]

SENATOR HADLEY: As far as medical, yeah. [LB94]

MIKE GOODWILLIE: ...I think it would go even beyond what the county board can do in terms of extending deadlines. Senator White, to your issue. Yes, the language was written broadly. I think when it was written, nobody wanted to be sort of the arbiter of medical science, but our office would be more than happy to work with somebody from the committee in terms of an amendment that might limit the scope of the bill to current year and set out, maybe, a back end filing deadline; if that would be something that you would want us to do, we'd be happy to do that. [LB94]

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SENATOR CORNETT: Mr. Goodwillie, that brings a few questions that I had...have. [LB94]

MIKE GOODWILLIE: Certainly. [LB94]

SENATOR CORNETT: I think that the bill would need a definition of a medical condition. [LB94]

MIKE GOODWILLIE: Okay. [LB94]

SENATOR CORNETT: What type of documentation for that medical condition would be required? And Senator White brought up another concern that I had is, you need to clarify this is not retroactive. And one of the other questions is, if there's a late application, is it the county assessor or the county board, under this bill, that approves that? [LB94]

MIKE GOODWILLIE: I think initially if the medical documentation was there, I mean, assuming we surmount these issues about medical condition and what the documentation must look like, I think it would be within the assessor's ability to go ahead and grant the exemption and it would never get to the county board. [LB94]

SENATOR CORNETT: You might...we might want to clarify that a little more clearly... [LB94]

MIKE GOODWILLIE: Okay. [LB94]

SENATOR CORNETT: ...in the language. And then lastly, on page 3 you have a drafting error. Page 3, line 7--you have underscored one, it should be A. [LB94]

MIKE GOODWILLIE: Oh, I'm sorry. Sure, we can fix that. [LB94]

SENATOR CORNETT: That's quite all right. And committee counsel will be happy to work with you on this. [LB94]

MIKE GOODWILLIE: Be happy to do that. Anything that they need. [LB94]

SENATOR CORNETT: Are there any further questions from the committee? Seeing none, thank you. [LB94]

MIKE GOODWILLIE: Thank you. [LB94]

SENATOR CORNETT: Further proponents. [LB94]

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ROBERT COURTNEY: (Exhibit 4) Senator Cornett and members of the Revenue Committee, my name is Robert Courtney, R-o-b-e-r-t C-o-u-r-t-n-e-y, and I'm the volunteer statewide advocacy coordinator and a registered lobbyist for AARP Nebraska. I thank you for your opportunity to speak to you today in support of LB94. As a volunteer for Saline Eldercare, I assist the Saline County Assessor and the elderly with filing their homestead exemption applications. The assessor has provided us an office on the ground floor, which is handicapped accessible, in the Saline County courthouse. One morning each week we staff that office and help complete the necessary paperwork for the exemptions. We also make house calls for those who are unable to get to the courthouse to file in person and needs assistance. This year we've just started to do it in every community in Saline County. We have a volunteer with Saline Eldercare that we've trained to do homestead exemptions and they're going to set up an office in each of the small towns to assist there, too. We've got a smaller organization, of course, in the assessor's office than Douglas County does. We do approximately 600 homestead exemptions a year, so some of the things that we do is a little different than what these folks do. Last year, by the way, the group that I work with, we did 98 applications for the elderly. So we did about a sixth of the applications in Saline County. LB94, introduced by Senator Howard, addresses one of the problems that we encounter each year. The assessor's office does a superb job in assuring that each person that has filed an application in a prior year has also one on file for the current year. As the filing deadline approaches, they personally call those who have not filed and provide Saline Eldercare with a list of those they cannot contact. We, in turn, have our community representatives try to reach them, a relative, or a neighbor to find out why they haven't filed. And we're normally successful. Every year we have one or more that we can't locate. These are the older, frail elderly that become hospitalized or temporarily placed in a rehab nursing facility. They plan to return to their home as soon as possible. Many have no relatives in the area, and again, we try to locate them by contacting friends, neighbors, and as a last resort, the local care facilities. Many are in Lincoln facilities, and with the new HIPAA laws, we cannot find out if they are patients. These are the ones that can't afford to miss out on their homestead exemptions, but with the current laws they will not make the deadline. Just as an aside, Senator Karpisek's great aunt, two years ago, was in a nursing home, and she hadn't filed on time. We couldn't figure out...we knew who her power-of-attorney was, but it was her brother and he was out of state, and we couldn't reach him. And so we thought well, maybe we'll talk to Senator Karpisek and see if he knows her and found out it was his great aunt. But he had three days to get the paperwork done. And I'm not certain whether that was accomplished or not; we turned it over to the senator to do. But that's some of the things that we run into. It's very difficult, but we sure want to get everybody filed as we possibly can because it's in their best interest to do that, so. We work pretty hard at it in Saline County, and I think we do a good job, but this LB94 would certainly assist us and give us some more time to be able to reach these people that we've not been able to get a hold of. I'd be glad to answer any questions about what we do in Saline County, if you have one. [LB94]

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SENATOR CORNETT: Seeing none, thank you. [LB94]

ROBERT COURTNEY: Thank you very much [LB94]

SENATOR CORNETT: Next proponent. Is there anyone here to testify as an opponent? Anyone in the neutral capacity? [LB94]

MIKE KELLEY: Madam Chair, members of the Revenue Committee, my name is Mike Kelley; that's K-e-l-l-e-y. I'm a registered lobbyist for the Douglas County Board of Commissioners. We're here neutral, only because the board hasn't taken a formal position. We expect that they will Tuesday. My staff, the staff of the county board, informs me that they will be supporting this legislation. Although, knowing any public body, until we actually vote, I guess we better wait. So we're officially neutral. I expect that a resolution will be forwarded to the Revenue Committee shortly regarding that. We'd also like to use this bill as an opportunity to discuss the broader issue of, should we require people to file at all when their status hasn't changed? I talked briefly to the assessor about this; of course, there's some problems with that. Because what if mom is in a nursing home and Junior's now living there, what kind of duty are we going to place on him to file something to change it, because he wouldn't be entitled to that same homestead exemption? And we've talked about this; we'd love to work with the committee to think about it. You know, could we do something in the lines of making either a heavy fine or criminal penalty if they didn't and do away with this idea? You know, I'm getting older; my son had to turn on the e-mail for me three times today, this morning. So, I mean, you know, people miss. And especially when we're talking about older people. And wouldn't there be a better way? And our board goes on record as saying we would love to see change where you wouldn't, if things haven't changed, you didn't have to file at all. But we do understand there's problems with that and it's not easy, but we'd love to brainstorm with you and talk about that. And if Senator Howard would be kind enough where we could figure out a methodology, maybe this bill would be a vehicle. So with that we'd be open for any questions. [LB94]

SENATOR CORNETT: Seeing none, oh, yes, sir; Mr. Hadley. [LB94]

SENATOR HADLEY: Just a quick question, now maybe you can't answer it. You know, you mentioned...you kiddingly mentioned about the e-mail and such as that...can people electronically do this without having to physically go to the assessor's office? [LB94]

MIKE KELLEY: I think so, but I'd have to ask Roger that. I don't know. I guess I can't ask him now. [LB94]

SENATOR CORNETT: No. I was going to say... [LB94]

MIKE KELLEY: Not yet, but in Douglas County you will be able to shortly. [LB94]

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SENATOR HADLEY: Okay. [LB94]

MIKE KELLEY: I'm reliably informed. [LB94]

SENATOR HADLEY: Again, that's another detriment for an elderly person, especially if they live 30 miles from the county seat. [LB94]

MIKE KELLEY: And many years ago, I was a Douglas County Commissioner, and one of the hardest things we ever had to do was when we couldn't give relief to somebody who clearly was entitled to it. It was very, very difficult. [LB94]

SENATOR CORNETT: Any further questions? Seeing none. [LB94]

MIKE KELLEY: Thank you. [LB94]

SENATOR CORNETT: Next person in a neutral capacity. [LB94]

BETH BAZYN FERRELL: Good afternoon, Chairman Cornett, members of the committee. For the record, my name is Beth Bazyn, B-a-z-y-n; Ferrell, F-e-r-r-e-l-l. I'm assistant legal counsel with the Nebraska Association of County Officials. We're appearing neutral on this bill simply because we had some of the same questions that have been raised already about retroactivity and documentation and so on. Otherwise, we support the concept of the bill. We think it's a very good idea. We hear about this a lot. But our neutral position is simply because of those questions. Be happy to try and answer questions. [LB94]

SENATOR CORNETT: If we rectify those in an amendment, would you... [LB94]

BETH BAZYN FERRELL: I think we would move over to support. [LB94]

SENATOR CORNETT: Okay, thank you very much. Anyone else in a neutral capacity? Seeing none, Senator Howard, you are recognized to close. [LB94]

SENATOR HOWARD: Thank you. Thank you, Chairwoman Cornett, and thank you for your time and attention today. This bill will be helpful in addressing the health care realities that some homestead applicants face. Most of all, it will prevent otherwise deserving applicants from losing out on their homestead exemption simply because the occurrence of a medical condition prevented them from filing the application within the deadline. And I'd just like to take a moment to say I appreciate when someone who is in the position of collecting taxes shows a compassion to come forward and say, let's make an adjustment on an issue. And I thank Mr. Morrissey for doing that. I'm assured that the committee and the county assessors will work together to address some of the

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challenges that have been identified in this bill language so that this bill can serve its intended purpose of helping those in need. So thank you so much. [LB94]

SENATOR CORNETT: Any questions from the committee? Senator Louden. [LB94]

SENATOR LOUDEN: Yes, Senator Howard, did I understand that you thought that these tax collectors were hard hearted? (Laughter) [LB94]

SENATOR HOWARD: You know, only by their reputation. (Laugh) [LB94]

SENATOR LOUDEN: I thought they were some of the most compassionate people I've known in the county. (Laughter) [LB94]

SENATOR HOWARD: Roger Morrissey has proven you correct. (Laugh) [LB94]

SENATOR LOUDEN: Thank you. [LB94]

SENATOR HOWARD: Thank you. [LB94]

SENATOR CORNETT: Thank you, Senator Howard. [LB94]

SENATOR HOWARD: Thank you so much. [LB94]

SENATOR CORNETT: That closes the hearing on LB94. We'll move to LB239. [LB239]

DOUG KOEBERNICK: (Exhibit 5) Good afternoon, Senator Cornett. My name is Doug Koebernick, spelled K-o-e-b-e-r-n-i-c-k. I'm the legislative aide for Senator Lathrop who is over in the death penalty hearings right now. I have a handout that describes the bill; I'll just briefly touch on a couple of paragraphs. LB239 would expand the current homestead exemption program for veterans to include those who are currently drawing compensation for a service-connected permanent disability from active duty or active duty for training. In addition, these veterans would also have to meet the current homestead valuation and income guidelines to qualify for the program. This bill would allow eligible veterans to receive their exemption based on the percentage of their permanent disability. That disability is determined by the United States Department of Veterans Affairs. For an example there, I list if a veteran has a 20 percent disability and is eligible for the program, they would then receive a 20 percent homestead exemption. The idea behind LB239 was brought to Senator Lathrop's attention by a partially disabled veteran in his district who, unfortunately, passed away a couple of years ago; not that I'm trying to get a sympathy vote or anything. But it was something that was brought to his attention, and that's why he introduced it, and with that I'll answer any questions. [LB239]

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SENATOR CORNETT: I am very supportive of veterans and military bills, but isn't it true that a lot of people that are veterans, with maybe a 20 percent disability, are currently working full-time jobs in other positions? When I was on the police department, we had a...someone that was listed as a disabled veteran from the Gulf War that was actually working as a police officer and had a 15 percent disability. [LB239]

DOUG KOEBERNICK: That's a good point, and one way to narrow down that \$6.6 million fiscal note would maybe be to adjust it so you could say everybody who has over a 60 percent, or 70 percent, or something like that if you wanted to narrow it down. [LB239]

SENATOR CORNETT: Or disabled to the point that they can't work. [LB239]

DOUG KOEBERNICK: Right. If you could come up with a percentage and we could look into that to give you a better idea of what kind of number that would be. But that would assist those who maybe need it the most, plus get that fiscal note to be a little less. [LB239]

SENATOR CORNETT: Senator Hadley. [LB239]

SENATOR HADLEY: Senator Cornett. Do you happen to know what percentage of veterans retire from the service with some type of disability? [LB239]

DOUG KOEBERNICK: No, I don't. [LB239]

SENATOR HADLEY: I guess the only reason I ask, I know a few years ago I just remember the Air Force having problems that a person, you know, especially higher-ranking officers, it was very common for them to retire with some type of, you know... [LB239]

DOUG KOEBERNICK: Um-hum. [LB239]

SENATOR HADLEY: ...disability because there was tax benefits. And the person would go from flying status one day to being 30 percent disabled for retirement the next day. So I guess I just want to be sure that, if we look at something like that that it's a reason. [LB239]

DOUG KOEBERNICK: Okay. We could probably try to find that out. [LB239]

SENATOR CORNETT: There are income guidelines on this, correct? [LB239]

DOUG KOEBERNICK: Yes. [LB239]

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SENATOR CORNETT: And they would meet the homestead income guidelines, but it could be a young person that is... [LB239]

DOUG KOEBERNICK: Of any age. [LB239]

SENATOR CORNETT: ...disabled... [LB239]

DOUG KOEBERNICK: Um-hum. [LB239]

SENATOR CORNETT: ...that might have a cartilage tear in their knee but that doesn't preclude them from working at the convenience store. [LB239]

DOUG KOEBERNICK: That's correct. [LB239]

SENATOR CORNETT: Senator Adams. [LB239]

SENATOR ADAMS: As you prepared this legislation, did you give consideration to the fact that, if we were to grant this kind of thing, then next year or the next year or the next year we may have other classes of folks, who may be nonmilitary, coming in with disabilities as well saying, give us the homestead exemption? [LB239]

DOUG KOEBERNICK: That's a good point as well, Senator, and that's something that I think we thought of. And if that happened, then the Revenue Committee would probably have to put their foot down. [LB239]

SENATOR ADAMS: Thank you. [LB239]

SENATOR CORNETT: Any further questions? Seeing none, will you be staying to close? [LB239]

DOUG KOEBERNICK: No, I'll stay, but... [LB239]

SENATOR CORNETT: First proponent. [LB239]

BETH BAZYN FERRELL: Good afternoon, Chairman Cornett, members of the committee. For the record, my name is Beth Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm assistant legal counsel for the Nebraska Association of County Officials. We're appearing in support of this bill, sort of under the general heading of helping people; recognizing the veterans who have served our country and recognizing the sacrifices that they have made. Certainly there is a fiscal note, and some of our discussion revolved around maybe there's another way we could show that recognition that is not so expensive to the state. I'd be happy to try and answer questions. [LB239]

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SENATOR CORNETT: Senator Louden. [LB239]

SENATOR LOUDEN: Do other disabled people get some type of homestead exemption? [LB239]

BETH BAZYN FERRELL: Yes. There is a certain category of homestead exemption that's available for disabled individuals. They do have to meet certain medical criteria that are set out in statute. [LB239]

SENATOR LOUDEN: I mean, is there...like this says 20 percent; is there a percentage on the other part or do they have to be completely disabled, or what's the... [LB239]

BETH BAZYN FERRELL: I've got some information that I can give to you that sets that out. It...I believe there is a percentage, and there is a statute that talks about losing limbs and that sort of thing. But it's pretty specific about what that involves. It does require a doctor's certification. [LB239]

SENATOR LOUDEN: Okay, thank you. [LB239]

SENATOR CORNETT: Ms. Bazyn Ferrell, aren't all of those income related? [LB239]

BETH BAZYN FERRELL: Yes. Yes, there's an income factor. [LB239]

SENATOR CORNETT: Okay. Senator Utter. [LB239]

SENATOR UTTER: Is it proposed that this be income related also, or is this just regardless of income? [LB239]

BETH BAZYN FERRELL: As I understood, it would be tied to income because it's drafted within the homestead exemption statutes. [LB239]

SENATOR UTTER: Let me just ask one question, and this may sound harsh and cruel, and I don't mean it to be because I have great respect and honor the service that veterans have given our country. But we've got a \$6,700,000 fiscal note on this piece of legislation, and so it seems to me like we've got to make a decision here that we do one of two things. Number one, we'll have to cut state spending, somewhere, to accommodate this type of a reduction in revenue; or we're going to have to ask some other segment of the population to pay these taxes. I guess I want to know, what do you propose that we do? How do you propose that we tackle that problem? [LB239]

BETH BAZYN FERRELL: And I think that's a very valid question, Senator. The bill does have a sizeable fiscal note. We supported sort of the concept of recognizing these folks, but there may be other ways. I know there are some bills that will come before this

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committee about different kinds of income tax reductions or that sort of thing, but maybe that's a way that has less of a fiscal note but still provides some recognition. [LB239]

SENATOR UTTER: I think at my count, somewhere between 20 and 30 bills that are going to come to this committee this year that will have some type of a fiscal impact that will reduce the taxes on some portion of our population. I haven't totalled the entire fiscal impact yet; I'm not even sure that we have all the fiscal notes yet. But we're talking about some sizeable money, and I guess it becomes a question...somebody's ox is going to get gored in this process. If we were to grant all these, I'm not sure who's going to be left to pay the taxes. And I think it's something that, regardless of how worthy it is, that we've all really got to consider in this process. [LB239]

SENATOR CORNETT: Senator Louden. [LB239]

SENATOR LOUDEN: On a different line, as I was thinking...if one of these veterans is 90 percent disabled or something like that, do they already qualify under the handicapped part to...for homestead exemption? [LB239]

BETH BAZYN FERRELL: I don't know for sure, but I believe that they would in most cases. There may be some cases where they would not, but... [LB239]

SENATOR LOUDEN: Then some of these veterans in this fiscal note, perhaps are already under homestead exemption? [LB239]

BETH BAZYN FERRELL: That could very well be. [LB239]

SENATOR LOUDEN: Would you have any idea, or anything like that? [LB239]

BETH BAZYN FERRELL: No, I don't, sir. [LB239]

SENATOR LOUDEN: Okay, thank you. [LB239]

SENATOR CORNETT: Seeing no further questions, thank you. Is there anyone else to testify as a proponent? Is there anyone here to testify as an opponent? Anyone in the neutral capacity? That closes the hearing on LB239. [LB239]

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Disposition of Bills:

LB94 - Placed on General File with amendments.

LB239 - Indefinitely postponed.

LB302 - Placed on General File.

Chairperson

Committee Clerk