

Doug Gibbs February 03, 2012 402-471-0051

LB 977

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *							
	FY 2012-13		FY 2013-14				
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS	\$ 11,200			(\$ 7,600,000)			
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	\$11,200			(\$ 7,600,000)			

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 977 would create the Property Tax Relief Act.

The bill provides an exemption from taxation to each owner of a homestead as defined in Section 77-3502 of \$8,000 in valuation. An eligible owner must apply for the homestead exemption pursuant to Section 77-3512, which means they must file an application with the county assessor in which the homestead is located after February 1 and on or before June 1 of each year. The bill also provides that for tax year 2014 and subsequent tax years, an owner who has been granted the homestead exemption need not file a reapplication for succeeding years.

The bill also provides that the provisions of Sections 77-3501 to 77-3529 apply to the exemption.

In addition, the bill creates the Property Tax Relief Cash Fund and that reimbursement to counties for the homestead exemption shall be made from this fund. The bill does not indicate from where the cash fund is to receive funds. The current homestead exemption is funded by a General Fund appropriation.

The Department of Revenue indicates that based on approximately 48,600 eligible households in Nebraska and using an average property tax rate of 1.95%, the estimated impact to the General Fund would be a reduction of \$7.6 million beginning in FY2013-14.

The Department estimates a one-time cost to implement LB 977 of \$11,200.

We agree with the Department's estimate of fiscal impact and cost.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE 2/7/12	PHONE 471-2526				
COMMENTS							
DEPARTMENT OF REVENUE: The bill appears to expand the homestead exemption program and require reimbursement to counties for homestead exemption from the new Property Tax Relief Cash Fund.							
No mechanism is provided in the bill to reimburse counties for the lost tax revenue as there is no source of revenue for the Property Tax Relief Cash Fund and no transfer from the State General Fund is provided.							

				MECEIVED		
LB 977				FEB 0 3 2012	Fiscal Note	2012
		State Agency	Estimata SQL		8	
State Agency Name: Department o	f Revenue			ATTVEFISCAN	Date Due LFA:	1/19/12
Approved by: Douglas Ewald		Date Prepared:	1/18/12	"OCAI	Phone: 471-5700	
	FY 2012-2013		FY 2013-2014		FY 2014-2015	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$11,200			(\$7,600,000)		(\$7,600,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$11,200			(\$7,600,000)	And the second se	(\$7,600,000)

The Property Tax Relief Act in LB 977 would provide an exemption to each owner of a homestead as defined in section 77-3502. The exempt valuation would not exceed \$8,000 per homestead. The owner must apply to the county for exemption after February 1 and on or before June 30. This would be a one-time application and the county assessor would determine whether the claimant qualifies in the succeeding years. All provisions of the current homestead exemption in sections 77-3501 to 77-3529 apply.

There are 48,600 eligible households in Nebraska. Using this and an average 1.95% property tax rate as a base, the estimated annual impact to the General Fund of (\$7.6 million) would begin in FY 2013-14.

It is estimated that one-time costs to the Department to implement this bill would be \$11,200.

This bill would allow taxpayers to receive this exemption in addition to homestead exemptions that they currently receive.

This bill would allow taxpayers to continue to receive the property tax credit pursuant to the Property Tax Credit Act.

Major Objects of Expenditure								
<u>Class Code</u>	<u>Classification Title</u>	12-13 <u>FTE</u>	13-14 <u>FTE</u>	14-15 <u>FTE</u>	12-13 Expenditures	13-14 <u>Expenditures</u>	14-15 Expenditures	
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Danafita								
Benefits Operating Costs					\$11,200			
Travel								
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the second se					\$11,200			