LB 939

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2018-19		FY 2019-20			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS	\$0		\$1,352,000			
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$0		\$1,352,000			

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

LB 939 amends Nebraska Revised Statutes regarding the homestead exemption.

Section 77-3502 is amended to change the definition of "homestead" to now include a dwelling complex and any related amenities located on a U.S. Department of Defense military installation if:

- The owner of record of the land upon which such installation is situated is the U.S. Government or any instrumentality thereof;
- > Such complex and amenities are developed pursuant to a federal military housing privatization initiative; and
- Such complex and amenities are provided primarily for use by military personnel of the United States and, as applicable, their families.

Section 77-3503 is amended to expand the definition of "owner" to include a resident of a dwelling complex that constitutes a homestead as defined in subdivision (4) of Section 77-3502 (see above).

Section 77-3506 is amended to provide that there shall be exempt from taxation on any homestead as defined in subdivision (4) of Section 77-3502 (see above), 100% of the exempt amount, except that the amount exempt under this subdivision is to be reduced by a percentage equal to the total number of residential units within the dwelling complex that are unoccupied or that are not occupied by military personnel or their families, divided by the total number of residential units within the dwelling complex.

The record title owner is to calculate the percentage described above as of January 1 of each year and provide the percentage to the county assessor as part of the application or certification.

NOTE: Occupancy between January 1 and August 15 is normally required for eligibility for the homestead exemption. Under the provisions of LB 939, occupancy would only be required for one day. Technically, the units could be vacant for the rest of the year and still qualify.

In addition, the record title owner would be required to make an in lieu of taxes payment in an amount equal to the amount of property taxes that would be payable to school districts. The payment is to be made to the county treasurer of the county in which the school district is located and distributed by the county treasurer to the school district.

The Department of Revenue notes that because this exemption is placed with the homestead exemption statutes, Section 77-3523 also requires the county treasurer to certify the entire loss to all taxing agencies because of these exemptions. This loss is then reimbursed from the state's General Fund. Therefore, schools would receive both direct reimbursement of the homestead exemption from the General Fund and the payment in lieu of taxes required by LB 939. Other taxing entities will receive only the direct reimbursement from the General Fund.

The Department of Revenue estimates the following increase in General Fund expenditures as a result of LB 939:

FY2018-19:	\$ 0
FY2019-20:	\$ 1,352,000
FY2020-21:	\$ 1,417,000
FY2021-22:	\$ 1,485,000

The Department of Revenue indicates minimal cost to implement the provisions of LB 939.

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

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 939	AM:	AGENCY/POLT. SUB: [AGENCY/POLT. SUB: Dept. of Revenue		
REVIEWED	BY: Lyn Heaton	DATE: 2/20/2018	PHONE: (402) 471-4181		
COMMENTS: No basis upon which to disagree with the Department of Revenue's analysis.					

Fiscal Note 2018

State Agency Estimate								
Revenue				Date Due LFA:	2/16/2018			
	Date Prepared:	2/15/2018		Phone: 471-5896				
FY 2018-2019		FY 2019-2020		<u>FY 2020-2021</u>				
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue			
\$0		\$1,352,000		\$1,417,000				
\$0		\$1,352,000		\$1,417,000				
	<u>FY 2018</u> <u>Expenditures</u> \$0	Evenue Date Prepared: FY 2018-2019 Expenditures \$0	Date Prepared: 2/15/2018 FY 2018-2019 FY 2019 Expenditures Revenue Expenditures \$0 \$1,352,000 \$1,352,000	FY 2018-2019 FY 2019-2020 Expenditures Revenue Expenditures Revenue \$0 \$1,352,000 \$1,	Revenue Date Due LFA: Date Prepared: 2/15/2018 Phone: 471-5896 FY 2018-2019 FY 2019-2020 FY 202 Expenditures Revenue Expenditures Expenditures \$0 \$1,352,000 \$1,417,000			

State A man an Estimate

LB 939 would amend the homestead exemption statutes (Neb. Rev. Stat. §§ 77-3502 and 77-3503) to expand the definition of a homestead to include a dwelling complex and any related amenities located on a United States Department of Defense military installation in the State of Nebraska if (a) the owner of the land is the United States government, (b) such complex is developed pursuant to a federal military housing privatization initiative, and (c) such complex is provided primarily for use by United States military personnel and their families. It would also expand the definition of an "owner" to include a resident of such a dwelling complex.

This bill also amends Neb. Rev. Stat. § 77-3506 to exempt from taxation 100% of the value of such dwelling complexes, reduced by a percentage equal to the total number of residential units that are unoccupied or not occupied by United States military personnel or their families, divided by the total number of residential units in the complex. The application for exemption would be made by the record title owner of the complex. The record title owner would be further required to make a payment in lieu of taxes equal to the amount of school property taxes that would otherwise be payable if the exemption provided in this bill did not apply. The payment in lieu of taxes is to be made to the county treasurer of all affected school districts in the county where the complex is located.

Because this exemption is placed with the homestead exemption statutes, Neb. Rev. Stat. § 77-3523 also requires the county treasurer to certify the entire loss to all taxing agencies because of these exemptions. This loss is then reimbursed from the General Fund. Therefore, schools would receive both direct reimbursement of the homestead exemption from the General Fund and the payment in lieu of taxes called for in LB 939. Other taxing entities will receive only the direct reimbursement.

The Department estimates the increase to General Fund expenditures as follows:

FY2018-2019\$0FY2019-2020\$1,352,000FY2020-2021\$1,417,000FY2021-2022\$1,485,000

The operative date for this bill is 3 months after signing.

It is estimated that there will be minimal costs to the Department to implement this bill

Major Objects of Expenditure							
<u>Class Code</u>	Classification Title	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 <u>Expenditures</u>	19-20 <u>Expenditures</u>	20-21 Expenditures
Benefits	Benefits						
Operating Costs							
Travel							
Capital Outlay							
Capital Improvements							
Total							