

PREPARED BY:  
DATE PREPARED:  
PHONE:

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 reapplcation 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.					

