

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$35,207,000		\$72,526,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$35,207,000		\$72,526,000	

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

LB 912 creates the Property Tax Relief Act.

The proposed Act provides a homestead exemption for all owner-occupied homesteads in the state by exempting the first \$8,000 of value from taxation beginning with tax year 2015.

Much of the language of the proposed Act is similar to the current homestead exemption language, including filing dates and other requirements.

The bill requires that each owner desiring a homestead exemption shall file an application for the exemption after February 1 and on or before June 30. The bill also provides that once a homestead exemption has been granted under this Act, the owner need not reapply in succeeding years.

LB 912 also creates the Property Tax Relief Fund from which reimbursements to counties for the homestead exemption provided for in LB 912 are to be made.

NOTE: There is no mechanism for a transfer of money into the Property Tax Relief Fund in LB 912. We assume that, similar to the current homestead exemption program, money would be appropriated from the General Fund to a new program at the Department of Revenue and then disbursed to counties.

The exemption provided for in LB 912 is in addition to the exemption provided under the current homestead exemption program.

The Department of Revenue estimates the following increase in expenditures from the General Fund as a result of LB 912:

FY2014-15:	\$35,207,000
FY2015-16:	\$72,526,000
FY2016-17:	\$73,252,000
FY2017-18:	\$73,984,000

The Department indicates the cost to implement LB 912 to be minimal. We have no basis to disagree with the Department of Revenue's estimate of expenditure and cost to implement.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 912 corrected	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Lyn Heaton	DATE: 2/4/2014	PHONE: 402.471.4181
<p>COMMENTS: LB 912 creates a separate, new homestead exemption program directed toward owner-occupied residences. Reimbursement to local governments for the amount of lost property tax revenue is directed to be expended from a new cash fund, the Property Tax Relief Fund, rather than from the General Fund as is the case under the existing homestead exemption program. The Department's fiscal note indicates an increase in General Fund expenditures. The bill as written would not impact General Fund expenditures. Further, the bill does not appear to provide for a source of revenue for the Property Tax Relief Fund. As a result, no funds would be available in the Property Tax Relief Fund to reimburse local governments for the lost property tax revenue.</p>		

State Agency Estimate

State Agency Name: Department of Revenue

Date Due LFA:

Approved by: Kim Conroy

Date Prepared:

Phone: 471-5896

	<u>FY 2014-2015</u>		<u>FY 2015-2016</u>		<u>FY 2016-2017</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$35,207,000		\$72,526,000		\$73,252,000	
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$35,207,000		\$72,526,000		\$73,252,000	

LB 912 (Property Tax Relief Act) provides a homestead exemption for all owner-occupied homesteads. A homestead is defined as (1) a residence or mobile home, and the land surrounding it (not exceeding one acre), actually occupied by the natural person who is the owner of record; (2) a residence or mobile home located on leased land actually occupied by the person who is the owner of record or is occupied by the surviving spouse and minor children, if any, of the owner of record during the year of the owner’s death; or (3) a condominium owned by a nonprofit entity actually occupied by a life tenant. The homestead must be occupied by the owner of record from January 1 through August 15 of each year.

For tax year 2015 and each tax year thereafter, all homesteads will have \$8,000 of value exempted from taxation. Each owner will have to file an application for the homestead exemption with the county assessor between February 1 and June 30. There is no requirement to reapply after the first year’s application. Failure to file an application for exemption is a waiver of the exemption for that year, unless: (1) the county board extends the deadline for an applicant to on or before July 20; or (2) the record owner documents a medical condition which impaired his or her ability to file the application timely.

LB 912 creates the Property Tax Relief Fund (Fund). A county treasurer must certify to the Tax Commissioner the total revenue loss associated with the reduction in value. A county will be reimbursed through a distribution from the Fund for property tax revenue lost pursuant to the amount certified by the county treasurer. The current homestead exemption loss to the counties is paid from the General Fund.

The exemption provided in LB 912 shall be in addition to the exemption provided under the current Homestead Exemption program.

LB 912 is expected to have the following impact on General Fund expenditures:

- FY 2014-15: \$35,207,000
- FY 2015-16: \$72,526,000
- FY 2016-17: \$73,252,000
- FY 2017-18: \$73,984,000

Department implementation cost for LB 912 is expected to be minimal.

