NEBRASKA HOMESTEAD EXEMPTION

NOTE: Nebraska Homestead Exemption Application or Certification of Status, Form 458, is mailed to homestead exemption recipients in January, 2009, for filing after February 1, 2009, and on or before June 30, 2009.

OVERVIEW

The Nebraska homestead exemption program is a property tax relief program for three categories of homeowners:

- ❖ Persons over age 65;
- ❖ Certain disabled individuals; and
- ❖ Certain totally (100%) disabled veterans and their widow(er)s.

There are income requirements and home value requirements for all categories except for a disabled veteran whose home has been substantially contributed to by the Department of Veterans Affairs, (DVA). The income limits are on a sliding scale.

The State of Nebraska reimburses counties and other governmental subdivisions for the reduction in tax due to homestead exemptions.

DEFINITIONS

Homestead. A homestead is the residence and the land surrounding it, not exceeding one acre, actually occupied by a person (property held in the name of an entity such as a corporation, partnership, or LLC does not qualify).

Owner. An owner is the owner of record, a purchaser in possession under a contract, a life estate holder, or certain beneficiaries of trusts.

Veteran. A veteran is a person who had been on active duty in the armed forces of the U.S., or a citizen of the U.S. at the time of service with military forces of a government allied with the U.S., during the following date ranges:

- ❖ April 21, 1898 to July 4, 1902;
- ❖ April 6, 1917 to November 11, 1918;
- ❖ December 7, 1941 to December 31, 1946;
- ❖ June 25, 1950 to January 31, 1955;
- ❖ August 5, 1964 to May 7, 1975;
- ❖ August 25, 1982 to February 26, 1984;
- ❖ December 20, 1989 to January 31, 1990; and
- ❖ Persian Gulf War beginning August 2, 1990.
- ❖ Veteran also includes a person who served in the Republic of Vietnam between February 28, 1961 and August 5, 1964.

A veteran must have received an honorable discharge or general discharge under honorable conditions.

Disability for Individuals. The specific disabilities are:

- ❖ A permanent physical disability and loss of the ability to walk without the regular use of a mechanical aid or prosthesis;

- Amputation of both arms above the elbow; or
- A permanent partial disability of both arms in excess of 75 percent.

Household Income. Household income is the total of the previous year's federal adjusted gross income, plus:

- Any Nebraska adjustments increasing federal adjusted gross income;
- Interest and dividends from Nebraska and its subdivisions' obligations; and
- Social security or railroad retirement income;

of the claimant, spouse, and all other persons who own and occupy the homestead; minus all medical expenses incurred and paid by the claimant, spouse, and any owner-occupant, which are in excess of four percent (4%) of household income calculated prior to the deduction for medical expenses.

Marital Status. Marital status is required to determine which income limits must be used to calculate what percentage, if any, of relief can be approved. Marital status may be either married or single. Use the married status if you either filed a tax return using one of the married statuses or would have filed as married if a return was required. Use the single status if you either filed a return as single or head of household, or would have used single or head of household if a return was required.

GROUP A: PERSONS OVER AGE 65

An individual who meets all the following criteria may qualify for a homestead exemption:

- Be 65 or older before January 1st of the application year;
- Own and occupy the homestead January 1 through August 15; and
- Have household income in accordance with Table I.

TABLE I

Income Limit Married	Percentage of Relief	Income Limit Single
$ 0 — $29,100.99	100	$ 0 — $24,800.99
29,101 — 30,600.99	85	24,801 — 26,100.99
30,601 — 32,200.99	70	26,101 — 27,400.99
32,201 — 33,700.99	55	27,401 — 28,700.99
33,701 — 35,300.99	40	28,701 — 30,000.99
35,301 — 36,800.99	25	30,001 — 31,300.99
36,801 and over	0	31,301 and over

The percentage of relief applies to the assessed value of the homestead up to the maximum exemption. The maximum exemption is the taxable value of the homestead up to $40,000 or 100 percent of the county's average assessed value of single family residential property, whichever is greater.

To be eligible, the maximum assessed value of the homestead is $95,000, or 200 percent of the county's average assessed value of single family residential property, whichever is greater. The exempt value will be reduced by 10 percent for every $2,500 that the assessed value exceeds the maximum value. If the assessed valuation exceeds the maximum value by $20,000 or more, the homestead is not eligible for exemption.

An application or status certification, Form 458, and an income statement, must be filed with the county assessor after February 1 and on or before June 30 each year. Failure to properly file within this timeframe will result in disapproval of the homestead exemption for the year.

GROUP B: CERTAIN DISABLED INDIVIDUALS

To qualify for a homestead exemption under this category, an individual must:

- Have a permanent physical disability and cannot walk without the regular use of a mechanical aid or prosthesis;
- Have undergone amputation of both arms above the elbow; or
- Have a permanent partial disability of both arms in excess of 75 percent.

The individual must also:

- ❖ Own and occupy the homestead January 1 through August 15;
- ❖ Have household income in accordance with Table II; and
- ❖ File an application or status certification, Form 458, and an income statement with the county assessor after February 1 and on or before June 30 each year. Within the first year, a completed Physician's Certification of Disability for Homestead Exemption, Form 458B, must be filed with the Form 458. Failure to do so will result in disapproval of the homestead exemption for that year.

GROUP C: CERTAIN DISABLED VETERANS AND WIDOW(ER)S OF CERTAIN VETERANS

There are three categories of veterans' exemptions:

1 A wartime veteran drawing compensation from the DVA because of a 100 percent disability that was service-connected.

The veteran must also:

- ❖ Own and occupy the homestead January 1 through August 15;
- ❖ Have household income in accordance with Table II; and
- ❖ File an application or status certification, Form 458, and an income statement with the county assessor after February 1 and on or before June 30 each year. Within the first year, a veteran must also include a certification from the DVA. Failure to file in a timely manner will result in disapproval of the homestead exemption for that year.

2 A wartime veteran totally disabled by a nonservice-connected illness or accident.

The veteran must also:

- ❖ Own and occupy the homestead January 1 through August 15;
- ❖ Have household income in accordance with Table II; and
- ❖ File an application or status certification, Form 458, and an income statement. Also include a completed Physician's Certification of Disability for Homestead Exemption, Form 458B, or a certification of disability from the DVA. All forms must be filed with the county assessor after February 1 and on or before June 30 each year. Failure to do so will result in disapproval of the homestead exemption for that year.

3 A veteran whose home is substantially contributed to by the DVA. This homestead is 100 percent exempt regardless of homestead value and income level.

The veteran must also:

- ❖ Own and occupy the homestead January 1 through August 15; and
- ❖ File an application or status certification, Form 458, and include a certification from the DVA with the county assessor after February 1 and on or before June 30 each year. Failure to do so will result in disapproval of the homestead exemption for that year.

Widow(er)s of a veteran. The unremarried widow(er) of a veteran listed below is eligible:

1 Any veteran who died because of a service-connected disability;

2 A serviceperson whose death while on active duty was service-connected;

3 A serviceperson who died while on active duty during wartime; or

4 A veteran who drew compensation from the DVA because of a 100 percent disability that was service-connected.

The widow(er) must:

- ❖ Own and occupy the homestead January 1 through August 15;

- ❖ Have household income in accordance with Table II; and
- ❖ File an application or status certification, Form 458, and an income statement with the county assessor after February 1 and on or before June 30 each year. Within the first year, a certification from the DVA must be included with the Form 458. Failure to do so will result in disapproval of the homestead exemption for that year.

5 A veteran's home that receives substantial contributions from the DVA is 100 percent exempt, regardless of homestead value and income level.

The widow(er) must:

- ❖ Own and occupy the homestead January 1 through August 15; and
- ❖ File an application, Form 458 with the county assessor after February 1 and on or before June 30 each year and include a certification from the DVA. Failure to do so will result in disapproval of the homestead exemption for that year.

Table II

Income Limit Married			Percentage of Relief	Income Limit Single		
$ 0	—	$31,900.99	100	$ 0	—	$27,900.99
31,901	—	33,500.99	85	27,901	—	29,200.99
33,501	—	35,000.99	70	29,201	—	30,500.99
35,001	—	36,600.99	55	30,501	—	31,800.99
36,601	—	38,100.99	40	31,801	—	33,100.99
38,101	—	39,700.99	25	33,101	—	34,400.99
39,701 and over			0	34,401and over		

The percentage of relief applies to the assessed value of the homestead up to the maximum exemption.The maximum exemption is the taxable value of the homestead up to $50,000 or 120 percent of the county's average assessed value of single family residential property, whichever is greater.

To be eligible, the maximum assessed value on the homestead is $110,000 or 225 percent of the county's average assessed value of single family residential property, whichever is greater. The exempt value will be reduced by 10 percent for every $2,500 that the assessed value exceeds the maximum value. If the assessed valuation exceeds the maximum value by $20,000 or more, the homestead is not eligible for exemption.

INCOME INFORMATION

Determination of income levels. To determine the income level of the applicant, the Department reviews income reported on the Nebraska Schedule I filed with the application, income tax returns filed by the applicant, and income documents provided by the IRS and Social Security Administration.

- ❖ Passive income (e.g., capital gains, interest, dividends, retirement benefits, pensions, IRA withdrawals) is included as household income.
- ❖ If the names of any children or other individuals are on the deed as owners and they occupy the homestead, their income will be considered in determining eligibility. For owner-occupants who are closely related, the income levels for married claimants are used. "Closely related" means each owner-occupant is a brother, sister, parent, or child of all other owner-occupants.
- ❖ Social security retirement income must be included whether or not an income tax return is filed. Medicare premiums may not be subtracted from social security income. However, Medicare Part B and Part D premiums are allowable medical expenses.

Medical expenses allowed. The costs of health insurance premiums and the cost of goods and services purchased from a licensed health practitioner or a licensed health care facility, for purposes of restoring or maintaining health, can be allowed. Insulin and prescription medicine may be included, but nonprescription medicine cannot be included. Only medical expenses in excess of four percent of household income, calculated prior to the deduction for medical expenses, may be deducted.

Errors in reporting income and/or medical expenses. If an error in reporting income and/or medical expenses is discovered, the Department must be notified within three years after December 31 of the application year to have a homestead exemption reconsidered. If income tax returns were filed, the income tax returns must also be amended if the item being changed is included on the returns.

If the Tax Commissioner approves a homestead exemption based on amended household income, a refund of any taxes paid will be issued.

One-time increases in income. Income which exceeds the statutory limit will result in the loss of the homestead exemption for one year. However, a new application may be filed after February 1 and on or before June 30 of the following year.

Using the previous year's income to determine homestead exemption eligibility. County assessors must complete their current year's real estate tax lists, including homestead exemptions, by December 1; but the current year's income tax information is not reported until the following April 15.

Appeal of a disapproved homestead exemption application.

- ❖ If a written disapproval notice from the county assessor is received, an appeal may be filed with the county board of equalization within 30 days of the date the notice is received.
- ❖ If a disapproval notice from the Tax Commissioner due to income qualification is received a hearing with the Tax Commissioner may be requested, by filing a written protest with the Department of Revenue within 30 days of receipt of the notice. The protest must state the amount in controversy, issues involved, name, address, and social security number of the applicant, and a request for relief.

Also, see the Errors in reporting income and/or medical expenses section above.

Appeal of the denied or reduced homestead exemption application based on the assessed valuation of the homestead. To appeal the assessed valuation of the homestead, timely file a Property Valuation Protest, Form 422, with the county clerk. Refer to the instructions for Form 422 for additional information. If the protest is successful, the homestead exemption will be automatically reconsidered.

Disqualification of the homestead exemption. If an owner does not qualify for an exemption, tax on the property will be due in full. A tax statement will be sent from the county in December. A new application may be filed after February 1 and on or before June 30 of the following year.

Transfer of a homestead exemption if a new home is purchased. A transfer is allowed under the following conditions:

- ❖ A new home is purchased and the current home is sold between January 1 and August 15th, and the new home is occupied by August 15th; and
- ❖ A homestead transfer form, Form 458T, must be filed with your county assessor by August 15; or
- ❖ If the new home is purchased in a different county, the Form 458T must be filed with the new county assessor by August 15.

Life Estate. If an applicant deeds away the residence but retains a life estate, the applicant remains an owner.

Nursing home resident. The occupancy requirements will continue to be met during a nursing home stay provided:

- ❖ The home is not sold, leased, or rented;
- ❖ The furnishings are left in place; and
- ❖ There is intent to return to the home.

Death of applicant. If the applicant is single and dies prior to August 16th, the exemption is removed because the January 1 through August 15 occupancy requirement is not met. If married, the spouse and minor children continue to benefit from the homestead exemption for that year only. The spouse must qualify and file an original application after February 1 and on or before June 30 the following year to continue to receive a homestead exemption.

Multiple unmarried owner/occupants living in one homestead. In the event that two persons who are not married qualify for an exemption for the same property, it is necessary for both to file the annual application with the county to protect the exemption if one applicant dies.

Spouses owning two homes. Spouses owning two homes may not receive two homestead exemptions unless each spouse lives in his or her own separate home. In this case however, both spouses' incomes would be combined to determine eligibility. In most cases, the home chosen as the primary residence will be the homestead property.

Payment of property tax when a homestead exemption is granted. When an exemption is granted, the taxpayer's obligation is met by the State paying the tax directly to the county treasurer.

www.pat.ne.gov
Homestead Exemption information, call toll free (888) 475-5101
Revenue (800) 742-7474 (toll free in Nebraska and Iowa) or (402) 471-5729
Nebraska Department of Revenue, P.O. Box 94818, Lincoln, Nebraska 68509-4818
or contact your county assessor