

# Nebraska Homestead Exemption

Revised November, 2003

**NOTE:** Form 458 will be mailed to homestead exemption recipients in January, 2004, for filing after February 1, 2004, and on or before June 30, 2004.



The purpose of this information guide is to explain the homestead exemption and the property tax relief it provides for qualified taxpayers.

## What is a homestead exemption?

A homestead exemption provides relief from property taxes by exempting all or a portion of the valuation of the homestead from taxation. The state of Nebraska reimburses the counties and other governmental subdivisions for the taxes lost due to homestead exemptions.

## PART I

### Who can file for a homestead exemption?

A homestead exemption is available to three groups of persons:

**Group A:** Persons Over Age 65;

**Group B:** Certain Disabled Individuals; or

**Group C:** Certain Disabled Veterans and Their Widow(er)s.

### GROUP A: Persons Over Age 65

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

- Be 65 years of age before January 1st of the application year;
- Own and occupy the homestead January 1 through August 15; and
- Have household income (defined on page 3, Part II) in accordance with Table I.

Income Limit		Percentage of Relief	Income Limit	
Married			Single	
\$ 0 —	\$24,850.99	100	\$ 0 —	\$21,200.99
24,851 —	26,200.99	85	21,201 —	22,350.99
26,201 —	27,550.99	70	22,351 —	23,450.99
27,551 —	28,850.99	55	23,451 —	24,550.99
28,851 —	30,200.99	40	24,551 —	25,650.99
30,201 —	31,500.99	25	25,651 —	26,750.99
31,501 and over		0	26,751 and over	

The percentage of relief applies to the value of the homestead up to the maximum exemption. The maximum exemption is the taxable value of the homestead up to \$40,000 or 80 percent of the county's average assessed value of single family residential property, whichever is greater.

### Is there a maximum value on the homestead to be eligible?

Yes, the homestead maximum value is \$95,000 or 150 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 each \$2,500 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.

### How do I file?

You must file an application or status certification, and an income statement with your county assessor after February 1 and on or before June 30 each year. Failure to file in a timely manner will result in disapproval of the homestead exemption for that year.

See Part II for definitions and general information.

## **GROUP B: Certain Disabled Individuals**

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

- Have a permanent physical disability and have lost all mobility such as to preclude locomotion without the regular use of a mechanical aid or prosthesis, or
- Have undergone amputation of both arms above the elbow, or
- Have a permanent partial disability of both arms in excess of seventy-five percent.

The individual must also:

- Own and occupy the homestead January 1 through August 15;
- Have household income (defined on page 3, Part II) in accordance with Table II; and
- File an application or status certification and an income statement with the county assessor after February 1 and on or before June 30 each year. The first year you must also include a completed certification from a qualified physician. Failure to file in a timely manner will result in disapproval of the homestead exemption for that year.

The homestead maximum value is \$110,000, or 175 percent of the county's average assessed value of single family residential property, whichever is greater. The exempt value will be reduced by ten percent for each \$2,500 the assessed value exceeds the maximum value up to \$20,000 over the maximum value.

See Part II for definitions and general information.

## **GROUP C: Certain Disabled Veterans and Widow(er)s of Certain Veterans**

### **Who qualifies as a veteran?**

Wartime veteran and serviceperson shall mean 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 dates: 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. Wartime 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 equivalent.

There are three categories of veterans' exemptions:

1. A wartime veteran drawing compensation from the Department of Veterans' Affairs 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 (defined on page 3, Part II) in accordance with Table II; and
- File an application or status certification and an income statement with the county assessor after February 1 and on or before June 30 each year. The first year you must also include a certification from the Department of Veterans' Affairs. 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 (defined on page 3, Part II) in accordance with Table II; and
- File an application or status certification, an income statement and a completed certification from a qualified physician or the Department of Veterans' Affairs with the county assessor after February 1 and on or before June 30 each year. Failure to file in a timely manner will result in disapproval of the homestead exemption for that year.

3. A veteran whose home is substantially contributed to by the Department of Veterans' Affairs. 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 and include a certification from the Department of Veterans' Affairs with the county assessor after February 1 and on or before June 30 each year.

### **Which widow(er)s of a veteran qualify?**

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 Department of Veterans' Affairs because of a 100 percent disability that was service-connected.

For the above, the widow(er) must:

- Own and occupy the homestead January 1 through August 15;
- Have household income (defined in Part II) in accordance with Table II; and

- File an application or status certification and an income statement with the county assessor after February 1 and on or before June 30 each year. The first year you must also include a certification from the Department of Veterans' Affairs. Failure to file in a timely manner will result in disapproval of the homestead exemption for that year.
5. A veteran whose home was substantially contributed to by the Department of Veterans' Affairs. This homestead 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 with the county assessor after February 1 and on or before June 30 each year and include a certification from the Department of Veterans' Affairs.

Table II		
Income Limit	Percentage of Relief	Income Limit
Married		Single
\$ 0 — \$27,300.99	100	\$ 0 — \$23,900.99
27,301 — 28,650.99	85	23,901 — 25,000.99
28,651 — 29,950.99	70	25,001 — 26,100.99
29,951 — 31,300.99	55	26,101 — 27,200.99
31,301 — 32,600.99	40	27,201 — 28,300.99
32,601 — 33,950.99	25	28,301 — 29,400.99
33,951 and over	0	29,401 and over

The percentage of relief applies to the value of the homestead up to the maximum exemption. The maximum exemption is the taxable value of the homestead up to \$50,000 or 100 percent of the county's average assessed value of single family residential property, whichever is greater.

**Is there a maximum value of the homestead for Group C claimants?**

The homestead maximum value is \$110,000, or 175 percent of the county's average assessed value of single family residential property, whichever is greater. The exempt value will be reduced by ten percent for each \$2,500 the assessed value exceeds the maximum value up to \$20,000 over the maximum value.

**PART II — Definitions and General Information For All Applicants**

**What is household income?**

The total of the previous year's federal adjusted gross income, plus: 1) any Nebraska adjustments increasing the federal adjusted gross income; 2) interest and dividends from Nebraska and its subdivisions' obligations; and 3) 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 of household income calculated prior to the deduction for medical expenses.

**Does passive income count as household income (e.g., capital gains, interest, dividends, retirement benefits, pensions, IRA withdrawals)?**

Yes, this type of income is included as household income.

**How is my income level determined by the state?**

The Nebraska Department of Revenue examines income data filed with the application, income tax returns, and income documents provided by the Internal Revenue Service and Social Security Administration.

**When am I considered married?**

Married filing status includes any owner-occupant who filed an income tax return as married for the prior year or who would have filed as married if a return was required. Marital status is normally determined on the last day of the year, or the date of death if the spouse died during the year.

**What medical expenses may be included?**

The costs of health insurance premiums, and the cost of goods and services purchased from a licensed health practitioner or a licensed health facility, for purposes of restoring or maintaining health. 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.

**How do I appeal if disapproved for a homestead exemption?**

After receiving a written disapproval notice from the county assessor, you must appeal to the county board of equalization by filing a written complaint with the county clerk within thirty days of the date you receive the notice. You will receive a disapproval notice from the State Tax Commissioner if you do not meet the income qualification. You must file a written protest with the State Tax Commissioner within thirty days from receipt of the notice. Your protest must state the amount in controversy, issues involved, name, address, and social security number of the applicant, and a demand for relief.

**How do I appeal the denial or reduction of my homestead exemption because of the assessed valuation of my homestead?**

There is only one course to appeal your assessed valuation. You must timely file a Property Valuation Protest, Form 422, with your county clerk. If the protest is granted, the homestead exemption will be automatically reconsidered. It is not necessary to also file an appeal of the denial of the homestead exemption.

**What happens if I don't qualify for the homestead exemption?**

The tax on your property will be due in full. You will receive a tax statement from your county in November.

You may file a new application after February 1 and on or before June 30 of the following year.

**What if I made an error in reporting my income and it resulted in a denial or reduction of my exemption?**

You must file a written appeal with the State Tax Commissioner within thirty days from receipt of the disapproval or reduction notice to have your homestead exemption reconsidered. Include with the appeal an amended income statement. If you filed income tax returns, the income tax returns must also be amended if the item being changed is included on the returns.

You may amend your income up to three years after December 31 of the application year. If the State Tax Commissioner approves a homestead exemption based on your amended income, you would receive a refund of any property taxes paid.

**Are there any allowances for one-time increases in income?**

No, income which exceeds the statutory limit will result in the loss of the homestead exemption for one year. However, you may file a new application after February 1 and on or before June 30 of the following year.

**Why is the previous year's income used to determine homestead 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. Therefore, previous year income is used. The Nebraska Department of Revenue checks the income eligibility in October, thereby removing any conflict in filing dates.

**Does my child(ren's) income count in determining my qualifying income for homestead exemption?**

If your child(ren's) names are on the deed as owners and they occupy the homestead, their income will be considered in determining eligibility.

**Can I transfer my homestead exemption if I buy a new home?**

Yes, if you purchase a new home and sell your current home between January 1 and August 15th, and you occupy the new home prior to August 15th. You must file a homestead transfer form with your county assessor by August 15. If you move to a different county, file

the homestead transfer form with your new county assessor by August 15.

**If I have to be in the hospital or nursing home for an extended time, do I lose my homestead exemption?**

No, provided you intend to return to the home and do not sell, lease, or rent the home; and the furnishings are left in place.

**If the applicant dies, what happens to the homestead exemption?**

If the applicant is single and dies prior to August 15th, 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.

**If I deed my property and reserve a life estate, do I lose my homestead exemption?**

No, under a life estate you remain an owner.

**If I remarry and my new spouse also owns a home, can we have two homestead exemptions?**

No, unless you each live in your own home. In this case, however, both spouses' incomes would be combined to determine eligibility. In most cases, the home you choose as your residence will be the homestead property.

**If I live with my sister or brother and we both qualify for the homestead exemption, what happens if one of us dies?**

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.

**If I live with my brother or sister, what income levels do we use?**

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.

**Do my neighbors have to pay more property tax if I have the homestead exemption?**

No, the state pays the tax directly to your county treasurer.