PREPARED BY: DATE PREPARED: PHONE: Jeanne Glenn January 22, 2019 402-471-0056

LB 86

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)							
FY 2019-20 FY 2020-21							
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS							
CASH FUNDS	800,000 to 1,300,000	800,000 to 1,300,000	1,300,000	1,300,000			
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS	800,000 to 1,300,000	800,000 to 1,300,000	1,300,000	1,300,000			

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

LB 86 would amend statutory provisions governing the documentary stamp tax assessed upon property sold in Nebraska. The existing documentary stamp tax assessment of \$2.25 cents for each \$1,000 dollars of value, of fraction thereof, would apply to the first \$1,000,000 of value. The existing distribution formula of the tax among counties and state funds would not be amended. For any value in excess of \$1,000,000, the documentary stamp tax would be \$3.25 cents for each \$1,000 of value, or fraction thereof. The additional \$1 of documentary stamp tax revenue would be deposited in the Affordable Housing Trust Fund.

There is no basis to disagree with the estimate of the Department of Revenue and the Department of Economic Development that \$1,300,000 would be deposited in the Affordable Housing Trust Fund on an annual basis as a result of LB 86. The amount of first year revenue collections would depend upon the effective date of the legislation, and may be lower than the full-year amount. It is estimated that the Department of Revenue could carry out the revisions contained in LB 86 utilizing existing staff.

The resulting increase in revenue would increase the amount of grants approved and paid from the Affordable Housing Trust Fund in the Department of Economic Development (DED.) The fund currently receives approximately \$10,900,000 in revenue annually from the existing documentary stamp tax assessment. A \$1,300,000 annual cash fund expenditure authority increase would be necessary to allow the agency to expend the increased revenue. It is estimated that existing staff could carry out approval and monitoring of the additional grants.

LB 86 also provides that there would be a percent of the Affordable Housing Trust Fund designated for use in extremely blighted areas. Because LB 86 does not designate a specific percentage, an estimate of the amount to be designated is not possible at this time.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 86	AM:	AGENCY/POLT. SUB: Departme	nt of Revenue		
REVIEWE	D BY: Neil Sullivan	DATE: 1/23/2019	PHONE: (402) 471-4179		
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 86.					

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 86	AM:	AGENCY/POLT. SUB: Departm	nent of Health and Human Services	
REVIEWED	BY: Neil Sullivan	DATE: 1/23/2019	PHONE: (402) 471-4179	
COMMENTS: Concur with the Department of Health and Human Services assessment of no fiscal impact from LB 86.				

ADMII	NISTRATIVE SERVICE	S STATE BUDGET DIVISION: REVIE	W OF AGENCY & POLT. SUB. RESPONSE	
LB: 86	AM:	AGENCY/POLT. SUB: Lancast	ter County	
REVIEWED	BY: Neil Sullivan	DATE: 1/23/2019	PHONE: (402) 471-4179	
COMMENTS: No basis to disagree with the Lancaster County estimate of no fiscal impact from LB 86.				

LB 86 Fiscal Note 2019

State Agency Estimate						
State Agency Name: Department	t of Revenue				Date Due LFA:	1/22/19
Approved by: Tony Fulton Date Prepared: 1/17/19					Phone: 471-5896	
FY 2019-2020 FY 2020-2				0-2021	FY 20	21-2022
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		See below		See below		See below
Cash Funds		See below		See below		See below
Federal Funds						
Other Funds						
Total Funds		See below		See below		See below

LB 86 amends Neb. Rev. Stat. § 76-901 to allow for an increase in the amount of documentary stamp tax imposed on transfers of beneficial interest in or legal title to real property, from \$2.25 to \$3.25 for each \$1,000 value or fraction thereof for any value in excess of \$1 million. The documentary stamp tax remains at \$2.25 for each \$1,000 dollars for transfers of real property with a value less than \$1 million.

The bill amends Neb. Rev. Stat. § 76-903 to direct that from each \$3.25 collected on any value in excess of \$1 million, the register of deeds is to retain \$0.50 for the county general fund, and the State Treasurer is to credit \$1.95 to the Affordable Housing Trust Fund, \$0.25 is to be credited to the Site and Building Development Fund, \$0.25 is to be credited to the Homeless Shelter Assistance Trust Fund, and \$0.30 is to be credited to the Behavioral Health Services Fund.

The bill amends Neb. Rev. Stat. § 58-708 to direct the allocation of a percentage of Affordable Housing Trust Funds to projects in extremely blighted areas.

It is estimated that this bill will have no impact on General Fund revenues. The estimated increase to the Affordable Housing Trust Fund will be \$1.3 million.

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

Major Objects of Expenditure							
Class Code	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 Expenditures	20-21 Expenditures	21-22 Expenditures
							_
Benefits							
Operating Costs							
Travel	Travel						
Capital Outlay							
	Capital Improvements.						

LB₍₁₎ <u>86</u> FISCAL NOTE 2019

	ESTIMATE PROVID	DED BY STATE AGENCY OR	POLITICAL SUBDIVISION	
State Agency or Political S	Subdivision Name:(2) Depa	artment of Health and Huma	n Services	
Prepared by: (3) Mike Micha	alski Date Prepa	ared 1-14-19	P	hone: (5) 471-6719
	FY 2019	<u>-2020</u>	FY 2020	<u>-2021</u>
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				_
FEDERAL FUNDS				_
OTHER FUNDS				
TOTAL FUNDS	\$0	\$0	\$0	\$0
=				

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Currently, the documentary stamp tax assesses \$2.25 for each \$1,000.00 value of which \$.30 is placed in the Behavioral Health Services Trust funds to support housing related assistance. This bill makes no change in that allocation.

There is no fiscal impact to the Department of Health and Human Services.

PERSONAL SERVICES: POSITION TITLE	MAJOR OBJECTS OF EXPENDITURE					
POSITION TITLE	PERSONAL SERVICES:					
Benefits Operating Travel Capital Outlay Aid Capital Improvements						
Operating	POSITION TITLE	19-20	20-21	EXPENDITURES	EXPENDITURES	
Operating						
Operating						
Operating						
Operating						
Operating					_	
Travel	Benefits					
Capital Outlay	Operating					
Aid	Travel		_			
Capital Improvements	Capital Outlay		_			
	Aid		_			
TOTAL\$0 \$0	Capital Improvements					
·	TOTAL		_	\$0	\$0	

Please co	mplete <u>A</u>	LL (5) blanks in the first thre	e lines.			2019
LB ⁽¹⁾	86				FIS	CAL NOTE
State Age	ency OR I	Political Subdivision Name: (2)	Department of Eco	onomic Developmen	t	
Prepare	d by: ⁽³⁾	Dave Rippe	Date Prepared: (4)	1/17/2019 Ph	one: ⁽⁵⁾ 47	1-3777
		ESTIMATE PROVID	DED BY STATE AGEN	CY OR POLITICAL SUI	<u>BDIVISION</u>	
			2019-20	-	Y 2020-21	
		EXPENDITURES	<u>REVENUE</u>	EXPENDITURE	<u>S</u>	<u>REVENUE</u>
GENER	AL FUN	DS				
CASH F	UNDS	(See Below)	\$758,333	(See Below)		\$1,300,000
FEDER.	AL FUN	DS				
OTHER	FUNDS					
TOTAL	FUNDS	(See Below)	\$758,333	(See Below)		\$1,300,000
Explanati	ion of Es	timate:				
distribution	on of the	pracket to the Documentary proceeds from the additional grust Fund.				
LB86, as drafted, would raise the Doc Stamp tax for transfers over \$1 million by \$1 per \$1,000 of value, or fraction thereof from \$2.25 to \$3.25, and leave the current distribution of funds between the counties, the Site and Building Development Fund, the Homeless Shelter Assistance Trust Fund, and the Behavioral Health Services Fund unchanged. The additional proceeds from the new bracket would be distributed entirely from the Affordable Housing Trust Fund.						
In additio	n, the bil	I would require the Departm	ent of Economic Develo	opment to allocate a curr	ently unspe	cified percentage

of grant awards to projects located in "extremely blighted" areas as defined in Section 18-2103. This would be a new requirement in addition to the current requirement that "the department shall make its best efforts to allocate not less than thirty percent of such funds to each congressional district."

It is estimated that the tax increase would result in an additional \$1.3 million from the tax in a full year. Assuming an operative date of October 2019, the first distribution to the cash fund would occur in December 2019. These funds will be awarded in early 2020; but due to the fact that most of these projects will take 2-3 years to complete, not all of the new grant money will be expended in the fiscal year in which it is received or awarded.

As drafted, the increase in available funds to the Affordable Housing program will result in more and larger grants under the program. These provisions can be accomplished within current departmental resources and staff.

<u>BREAKD</u>	OWN BY MAJO	OR OBJECTS OF	<u>EXPENDITURE</u>	
Personal Services:				
	NUMBER OF	POSITIONS	2019-20	2020-21
POSITION TITLE	<u>19-20</u>	<u>20-21</u>	EXPENDITURES	EXPENDITURES
Benefits				
Operating				
Travel				
Capital outlay	•••			
Aid				
Capital improvements				
TOTAL			\$0	\$0

LB ⁽¹⁾ 86			FISCAL NOTE				
State Agency OR Political Subdivision Name:	Lancaster County Ass	Lancaster County Assessor/ROD					
Prepared by: (3) Scott Gaines	Date Prepared: (4) 1/1	5/19 Phone	: (5) 402-441-6580				
ESTIMATE PRO	OVIDED BY STATE AGENCY	OR POLITICAL SUBDI	VISION				
<u>EXPENDITUR</u>	FY 2019-20 RES REVENUE	FY 2 EXPENDITURES	020-21 <u>REVENUE</u>				
GENERAL FUNDS							
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS	<u> </u>						
TOTAL FUNDS 0	0	0	0				
Explanation of Estimate:							
DDEAKD	OWN BY MA IOD OBJECTS OF	E EVDENDYTHIBE					
Personal Services:	OWN BY MAJOR OBJECTS OI	EXPENDITURE					
POSITION TITLE	NUMBER OF POSITIONS 19-20 20-21	2019-20 EXPENDITURES	2020-21 EXPENDITURES				
Benefits							
Operating							
Travel							
Capital outlay							
Aid							
Capital improvements							
TOTAL							