

Revised per AM3472

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	\$1,494,358	\$4,023,272	\$2,291,848	\$6,170,360
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>\$1,494,358</b>	<b>\$4,023,272</b>	<b>\$2,291,848</b>	<b>\$6,170,360</b>

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

This fiscal note has been revised to reflect the changes made to LB 1363 as a result of AM3472 that was adopted on Select File. The details of LB 1363, as amended, are discussed below.

LB 1363 would increase the documentary stamp tax from \$2.25 to \$3.25 for each \$1,000 value of real estate, or fraction thereof.

The bill would also change the distribution of the tax.

Currently, the tax is distributed as follows:

- \$0.50 to county general funds
- \$0.95 to the Affordable Housing Trust Fund
- \$0.25 to the Site and Building Development Fund
- \$0.25 to the Homeless Shelter Assistance Trust Fund
- \$0.30 to the Behavioral Health Services Fund

The bill would change the distribution to the following:

- \$1.15 to county general funds
- \$1.13 to the Affordable Housing Trust Fund (AHTF)
- \$0.25 to the Site and Building Development Fund
- \$0.25 to the Homeless Shelter Assistance Trust Fund
- \$0.34 to the Behavioral Health Services Fund (BHSF)
- \$0.05 to the Economic Recovery Contingency Fund (ERCF) for the establishment and operation of an office to pursue and coordinate grant funding on behalf of the state
- \$0.05 to the Military Installation Development and Support Fund (MIDSF) to make distributions
- \$0.03 to the Health Care Homes for the Medically Underserved Fund for federally qualified health centers as grants

The bill would also change section 77-2005 so that for decedents dying on or after January 1, 2024, the inheritance tax rate would be changed from 11% to 8% of the clear market value of the property received by each person in excess of \$40,000.

The bill would change section 77-2006 so that for decedents dying on or after January 1, 2024, the inheritance tax rate would be changed from 15% to 8% of the clear market value of the beneficial interests received by each person in excess of \$25,000.

The bill would become operative on October 1, 2024.

We estimate the following increases to Cash Funds and county funds from the documentary stamp tax changes from this bill:

	<b>County GF (\$0.65 increase)</b>	<b>AHTF (\$0.18 increase)</b>	<b>BHSF (\$0.04 increase)</b>	<b>ERCF (\$0.05)</b>	<b>MIDSF (\$0.05)</b>	<b>Health Centers (\$0.03)</b>	<b>Total</b>
FY 24-25	\$ 8,405,765	\$ 2,069,111	\$ 459,803	\$ 574,753	\$ 574,753	\$ 344,852	\$ 12,429,037
FY 25-26	\$ 11,459,243	\$ 3,173,328	\$ 705,184	\$ 881,480	\$ 881,480	\$ 528,888	\$ 17,629,603

The Nebraska Association of County Officials estimates a reduction in inheritance tax from the changes under this bill of \$7.4 million.

We estimate expenditures each year for the funds received for the Economic Recovery Contingency Fund, the Military Installation Development and Support Fund, and the Health Care Homes for the Medically Underserved Fund. We also estimate a need for the Department of Economic Development (DED) of 1.5 FTE Economic Development Business Consultant II in FY 24-25 followed by 2.0 FTE of the position in subsequent years with those expenditures coming from the added Cash Fund revenues received by the DED under this bill.

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**2024**

**LB<sup>(1)</sup> 1363, AM3399, AM3472**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Association of County Officials (NACO)

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**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

**Explanation of Estimate:**

LB 1363, AM3399 would change provisions relating to the rate and disbursement of the documentary stamp tax for the Affordable Housing Trust Fund; Site and Housing Development Fund; Homeless Shelter Assistance Trust Fund; Behavioral Health Services Fund; Economic Recovery Contingency Fund; Military Base Development and Support Fund; and Health Care Homes. Further, the amendment would reduce the inheritance tax rates for class 2 and class 3 beneficiaries dying on or after January 1, 2024. The documentary stamp tax would be increased from \$2.25 for each one thousand dollars value to \$3.25 for each one thousand dollars value to be placed in the county general fund.

The fiscal impact to the counties would be an additional \$.65 cents that would be added to the current \$.50 and placed in the county general fund from the documentary stamp tax to be offset by a decrease in the tax rates in inheritance taxes collected from class 2 and class 3 beneficiaries.

In 2023, statewide, \$32,887,434.74 of documentary stamp taxes were collected. That translates to \$3,654,159.75 for every quarter or \$146,166.39 per penny. Therefore, an increase of \$.65 per year would equate to approximately an additional collection of \$9,500,815 annually.

The inheritance taxes collected would be reduced for class 2 (11% to 8%) and class 3 (15% decreased to 8%) beneficiaries by an estimated \$7.4 million dollars. Since these reductions are applied retroactively to January 1, 2024, there would be reimbursements necessary for the number of estates that are paid during January 1, 2024 and effective date of the bill timeframe.

Statewide, the amendment would result in a fiscal impact of approximately \$2.1 million in increased annual revenues. However, the impact will be felt differently county by county – some counties will experience an overall decrease in revenues, while some will experience an increase.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____

Aid.....  
Capital improvements.....  
TOTAL.....

_____	_____
_____	_____
_____	_____
_____	_____