

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

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

LB1229 transfers all duties and functions of the Housing Division of the Department of Economic Development (DED) and the duties and functions of the Department of Economic Development under the Middle Income Workforce Housing Investment Act, the Municipal Density and Missing Middle Housing Act, the Nebraska Affordable Housing Act, and the Rural Workforce Housing Investment Act to the Nebraska Investment Finance Authority (NIFA) effective July 1, 2025. This transfer includes the employees and appropriations related to DED to NIFA.

LB1229 creates the following new duties for NIFA:

- Requires NIFA to establish a comprehensive housing affordability strategy and report the strategy to the Urban Affairs Committee by 12/1/2025;
- Requires NIFA to establish a housing advisory committee;
- Requires NIFA on or before July 1 of every odd-numbered year to submit a report to the Urban Affairs committee of the Legislature detailing its efforts to address availability of and incentives for affordable housing;
- Increases the number of NIFA members from nine to twelve with nine appointed by the Governor, increases the number of at large members from one to four;
- Bans public members or employees of NIFA from acquiring or holding an interest in real property that has been funded or is funded by any program that the program administers;
- Bans public members or employees of NIFA from receiving a direct or indirect financial benefit from the development of any real property that has been funded or is funded by an program that the authority administers;
- Removes the DED Director as NIFA chair and requires NIFA to elect its chairperson;
- Requires NIFA to administer the Federal HOME Program;
- Requires NIFA to administer the National Housing Trust Fund;
- Requires NIFA to be the designated housing and rental entity for all federal rental and home ownership programs;
- Receive transfers by the Legislature;
- Strikes NIFA's requirement to coordinate with the Governor's Policy Research Office on housing policy and adds the requirement to coordinate with the Nebraska Department of Agriculture;
- Requires NIFA to submit a report on the status of housing in the state to the Urban Affairs Committee no later than 12/15/2025 and annually each 12/15 thereafter;
- Amends the definition of an eligible nonprofit development organization under the Middle Income Workforce Housing Investment Act to include a nonprofit development organization approved by NIFA or by an inland port authority created under the Municipal Inland Port Authority Act; and
- Excepts Inland Port Authorities from providing matching funds awarded for the purposes of providing Middle Income Workforce Housing under the Middle Income Workforce Housing Investment Act.

NIFA is not a state agency and cannot receive appropriations or state employees making Sec. 1 (3), Sec. 2, and Sec. 3 of LB1229 inoperable. Any new duties and requirements for NIFA created by LB1229 will be borne by NIFA and will not have a fiscal impact to the state, however it is reasonable to assume this will create a significant cost to NIFA.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1229	AM:	AGENCY/POLT. SUB: Department of Agriculture
REVIEWED BY: Neil Sullivan	DATE: 2/1/2024	PHONE: (402) 471-4179
COMMENTS: The Department of Agriculture assessment of no fiscal impact from LB 1229 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1229	AM:	AGENCY/POLT. SUB: Department of Administrative Services
REVIEWED BY: Neil Sullivan	DATE: 2/1/2024	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Administrative Services assessment of indeterminate contingent impact from LB 1229. <u>Technical Note:</u> The autonomy of NIFA under these provisions is unclear and may conflict with existing practices regarding indebtedness which is more restrictive for state agencies.		

Please complete ALL (5) blanks in the first three lines.

2024

LB⁽¹⁾ 1229

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Agriculture

Prepared by: ⁽³⁾ Ashley Dempsey Date Prepared: ⁽⁴⁾ 1/18/2024 Phone: ⁽⁵⁾ 402-429-2487

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Explanation of Estimate:

No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2024-25	2025-26
	24-25	25-26	EXPENDITURES	EXPENDITURES
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2024

LB⁽¹⁾ 1229

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Dept. of Administrative Services (DAS) – State Building
Division (SBD) Office of the Chief Information Officer (OCIO)

Prepared by: ⁽³⁾ Sarah Skinner Date Prepared: ⁽⁴⁾ 1/25/2024 Phone: ⁽⁵⁾ 402-419-4229

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	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 1229 proposes to move all duties and functions of the Dept. of Economic Development (DED) Housing Division, as well as the Middle Income Workforce Housing Investment Act, the Municipal Density and Missing Middle Housing Act, Nebraska Affordable Housing Act, and the Rural Workforce Housing Investment Act to the Nebraska Investment Finance Authority (NIFA) effective July 1, 2025. Currently NIFA is an independent, non-profit quasi-governmental instrumentality, and we assume the bill maintains their existence as a “body politic, not a state agency.” Effective July 1, 2025, and after, employees will transition from DED to NIFA. There is currently no official mechanism in place to shift state agency employees to a non-state entity, but we can make initial assumptions regarding the steps needed by the Department of Administrative Services (DAS).

First, DAS State Accounting would need to make changes to the state’s financial system (EnterpriseOne/E1) to set the system up to accommodate NIFA as a component unit for accounting purposes and transfer of these programs, funds, and other changes to various accounting aspects of the system. Notably, DAS State Accounting will be required to obtain, in an appropriately timed manner, audited financial statements and roll them into the Annual Comprehensive Financial Report (ACFR). State Accounting will be required to determine proper accounting as it relates to the state giving fixed assets to another entity. State Accounting may be able to address these requirements with existing resources, but as an unprecedented operational transition to a non-profit authority, this may have a substantial impact to State Accounting.

Next, DAS State Personnel and Employee Relations would need to make changes in Workday to transfer current DED employees in the programs listed above. DS State Personnel-Wellness & Benefits would need to work with NIFA to establish proper withholding of benefits and retirement that the transferring employees remain eligible for and to address NIFA’s insurance premiums and flex contributions to the State.

There are unknown actions of the DAS State Personnel and Employee Relations to accomplish such a transition, so additional General Fund appropriation may be required once these functions are clarified or realized.

Finally, there are unknown impacts to DAS Office of the Chief Information Officer (OCIO) and DAS-State Building Division as it relates to the transfer of technology and equipment and how office space/lease(s) will be handled. Thus, there is a potential need for additional revolving fund spending authority sufficient to cover operational costs, if necessary, for these divisions to provide services with respect to transferring employees and equipment.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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