

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				
CASH FUNDS	\$2,824,000	\$2,824,000	\$4,986,000	\$4,986,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$2,824,000	\$2,824,000	\$4,986,000	\$4,986,000

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

LB 1379 would create the Housing Aid Fund. The fund would consist of funds from the documentary stamp tax, revenue from sources recommended by the housing advisory committee, transfers by the Legislature, grants, private contributions, repayment of loans, and all other sources. The Department of Economic Development (DED) as part of its comprehensive affordability strategy would administer the fund.

From funds available in the fund, the DED would administer a grant program to finance downpayment assistance for homebuyers and would require applications to be submitted to the department. Grants under the program would be repaid to the department upon transfer of title of real property purchased with the assistance of such grants. Any real property purchased utilizing the assistance of grants under the program would be subject to a lien by the DED.

To be eligible for a grant under the program, the applicant would verify that the household income of the applicant is less than or equal to 150% of the area median income.

The annual distribution of grants under the program would be subject to the following restrictions:

- 15% of grants under the program would be distributed to applicants in cities of the primary class
- 30% of grants under the program would be distributed to applicants in cities of the metropolitan class
- 55% of grants under the program would be distributed to applicants not in cities of the primary or metropolitan classes

The DED would review each application to determine whether the applicant qualifies for a grant and would not award a grant that exceeds \$35,000 for any individual household.

Under the bill, the housing advisory committee would address issues related to the operation of the Housing Aid Fund, too, now. On or before December 15, 2024, the committee would recommend to the Legislature and the Governor the most viable revenue source or sources for the funding of the Housing Aid Fund. The committee would also recommend for public review proposals for rules and regulations to carry out the Housing Aid Fund.

The bill also changes the documentary stamp tax from \$2.25 to \$2.50 for each \$1,000 of value or fraction thereof. The additional \$0.25 for each \$1,000 of value, or fraction thereof, would go to the Housing Aid Fund.

This bill would become operative on October 1, 2024.

We estimate the following increase to the Housing Aid Fund utilizing the estimates of the Department of Revenue (DOR) for the last three years of their estimates and adjusting the DOR's first year estimate based upon DED's note of a two-month delay to the fund in the first year:

- FY 24-25: \$2,824,000
- FY 25-26: \$4,986,000
- FY 26-27: \$5,136,000
- FY 27-28: \$5,290,000

The Department of Revenue estimates minimal costs as a result of this bill. There is no basis to disagree with this estimate.

The DED estimates a need for an Economic Development Manager to develop and administer the program, an Economic Development Business Consultant II to assist with grant administration including income verification of applicants, and an Attorney III to produce contracts and liens. DED also estimates operating expenses for this bill including costs for filing and managing liens, software licenses to track grants and liens, and for additional rented office space. These costs would be deducted from what is received each year into the Housing Aid Fund by the \$0.25 of documentary stamp tax under this bill with the remaining amount of the documentary stamp tax revenue in the fund paid out by DED through the discussed grants.

The State Treasurer's Office estimates no fiscal impact to it from the bill. There is no basis to disagree with this estimate.

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2024

LB⁽¹⁾ 1379

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearthmont Date Prepared: ⁽⁴⁾ 2/16/2024 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$2,185,750	\$2,185,750	\$3,957,000	\$3,957,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$2,185,750</u>	<u>\$2,185,750</u>	<u>\$3,957,000</u>	<u>\$3,957,000</u>

Explanation of Estimate:

LB1379 would create a new grant program administered by DED to provide grants to homeowners for downpayment assistance. These grants are limited to \$37,000 per household and would be subject to a lien on the property. When property is sold, the downpayment assistance grant would be returned to DED. Eligible households must have incomes of 150%, or less, of area median income. Total awards are to be split with 15% allocated to grants in cities of the primary class, 30% to cities of the metropolitan class, and 55% to applicants not in cities of the primary or metropolitan classes.

LB1379 would create a new cash fund, the Housing Aid Fund, administered by DED. The bill would also increase the Documentary Stamp Tax by \$0.25 per \$1,000 of value, with the proceeds distributed to the new cash fund. The cash fund would also receive grant funds returned to DED when property is sold. The bill also requires a housing advisory committee to make recommendations to the Governor and Legislature of the most viable source of funding for the Housing Aid Fund to suggest rules and regulations for the Housing Aid program by December 15, 2024. The bill has an operative date of October 1, 2024.

The maximum income levels to qualify for a grant would currently be \$131,700 / \$173,850; \$123,750 / \$163,350; and \$127,050 / \$167,750 for families of four / eight persons in Omaha, Lincoln, and the rest of the state, respectively. DED believes that approximately 582,284 households could qualify for assistance based on the income level. Assuming that 60.6% of Nebraskans are homeowners, and homeowners move approximately every 11 years, approximately 54,000 households would be eligible for a grant annually. DED forecasts that a full year of \$0.25 increase in Documentary Stamp Tax will generate approximately \$3.9 million in FY2025-26, so that approximately 750 \$5,000 grants could be awarded. This amount would represent approximately 1/4 of the median downpayment in Nebraska in 2023.

DED would need the services of an Economic Development Manager to develop and administer the program, an Economic Development Business Consultant II to assist with grant administration including income verification of applicants, and an Attorney III to produce contracts and liens. Operating expenses include \$18,750 to file and manage liens, \$12,960 for software licenses for grant management software to track grants and liens, and \$8,960 for additional rented office space.

The bill has an operative date of 10/1/2024. DED assumes that the first transfers to the various funds supported by the Documentary Stamp Tax will not accrue to the funds until December 2024, and that all grants awarded will be used in the fiscal year awarded.

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>
G49550 Econ. Dev. Manager	0.75	1.00	\$54,480	\$70,640
G31113 Attorney III	0.75	0.75	70,640	74,340
A49012 Econ. Dev. Bus. Consultant II	0.50	1.00	34,240	68,480
Total	2.00	2.75	\$159,360	\$213,460
Benefits.....			55,770	74,110
Operating.....			82,950	97,040
Travel.....			15,940	22,230
Capital outlay.....			17,200	
Aid.....			1,854,530	3,551,160
Capital improvements.....				
TOTAL.....			\$2,185,750	\$3,957,000

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2024

LB⁽¹⁾ 1379

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Treasurer

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ Jan. 22, 2024 Phone: ⁽⁵⁾ 402-471-2793

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:

The State Treasurer’s Office doesn’t expect any fiscal impact from LB 1379 to the office.

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.....	_____	_____	_____	_____