

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	(\$116,910)	(\$15,537,100)	(\$236,210)	(\$27,996,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(\$116,910)	(\$15,537,100)	(\$236,210)	(\$27,996,000)

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

LB 328 changes the distribution of the documentary stamp tax, which is at the rate of \$2.25 for each \$1,000 value of real estate, or fraction thereof. Under the bill, all documentary stamp tax revenues are credited to the county at the current rate, and the bill removes the documentary tax revenue credited to state Cash Funds

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 also removes the requirement for the Department of Economic Development (DED) to submit the amount of revenue deposited into the Affordable Housing Trust Fund from the documentary stamp tax as part of the DED's annual status report.

The bill becomes operative on October 1, 2025.

Revenues:

The revenue estimates of DED and DOR for changes to the documentary stamp tax have been averaged and are in the table below. Before averaging the estimates, we added one month of revenues to DED's estimates for increases to county revenues in FY26 to reflect the 8 months of revenues counties receive in FY26 instead of the 7 estimated by DED.

Fiscal Year	County	Affordable Housing Trust Fund	Site and Building Development Fund	Homeless Shelter Assistance Trust Fund	Behavioral Health Services Trust Fund
25-26	\$ 17,728,486	\$ (8,434,750)	\$ (2,219,450)	\$ (2,219,450)	\$ (2,663,450)
26-27	\$ 27,996,000	\$ (15,197,400)	\$ (3,999,000)	\$ (3,999,000)	\$ (4,800,600)

The Department of Health and Human Services (DHHS) notes \$1 million in federal funding at risk with the reduction in cash funds under this bill. Without additional revenue sources into the Homeless Shelter Assistance Trust Fund and Behavioral Health Services Trust Fund, the programs connected to these funds would no longer have funding available given expenditures over time.

Expenditures:

DED estimates an elimination of a total of 1.0 FTE Economic Development Business Consultant II in FY26 and 2.0 FTE of the same position in FY27 as a result of the bill. There is no basis to disagree with these estimates by DED.

The DED also has existing contractual obligations under the Affordable Housing Trust Fund. With the decrease in revenue to funds under this bill, LB 328 would necessitate DED to have their appropriation eliminated for FY27 of \$15,187,705 for this Fund as they would be unable to meet their contractual obligations with reduced revenue into the Fund. The reduction in appropriations is to comply with the clause allowing for voiding state contracts due to absence of appropriation.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 328	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Ryan Yang	DATE: 2/20/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 328 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 328	AM:	AGENCY/POLT. SUB: Department of Health and Human Services
REVIEWED BY: Ryan Yang	DATE: 2/20/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Health and Human Services assessment of fiscal impact from LB 328 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 328	AM:	AGENCY/POLT. SUB: Department of Economic Development
REVIEWED BY: Ryan Yang	DATE: 2/14/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Economic Development assessment of fiscal impact from LB 328 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 328	AM:	AGENCY/POLT. SUB: Douglas County
REVIEWED BY: Ryan Yang	DATE: 2/20/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Douglas County assessment of fiscal impact from LB 328.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 328	AM:	AGENCY/POLT. SUB: Lancaster County, Nebraska
REVIEWED BY: Ryan Yang	DATE: 1/24/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Lancaster County, Nebraska assessment of fiscal impact from LB 328.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 328	AM:	AGENCY/POLT. SUB: Lancaster County Assessor/Register of Deeds
REVIEWED BY: Ryan Yang	DATE: 1/17/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Lancaster County Assessor/Register of Deeds assessment of no fiscal impact from LB 328.		

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

2025

LB⁽¹⁾ 328

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 1/30/2025 Phone: ⁽⁵⁾ (402) 471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	<u>(\$116,910)</u>	<u>(\$10,175,400)</u>	<u>(\$236,210)</u>	<u>(\$18,940,800)</u>
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>(\$116,910)</u>	<u>(\$10,175,400)</u>	<u>(\$236,210)</u>	<u>(\$18,940,800)</u>

Explanation of Estimate:

LB328 would change to distribution of the Documentary Stamp Tax. Specifically, distributions for the Affordable Housing Trust Fund, the Site and Building Development Fund, the Homeless Shelter Assistance Fund, and the Behavioral Health Services Fund would be eliminated beginning October 1, 2025. The county registers of deeds would retain the entire taxes collected, increased to \$2.25 per \$1,000 of valuation from \$0.50 per \$1,000 of valuation.

The bill would affect DED's funding for the Nebraska Affordable Housing Act from the Affordable Housing Trust Fund (AHTF), and the Site and Building Development Act from the Site and Building Development Fund (SBDF). DED assumes that counties will retain the full amount of the tax for property transfers on or after October 1, 2025. This would mean that \$1.75 of \$2.25 taxes collected in September 2025 and earlier would be remitted to the Department of Revenue in October 2025, and the last transfer to the cash funds would occur in November 2025. The tables below show the forecasted net impact of LB468.

Impact of LB328 on Doc Stamp Distribution						
Fiscal Year	Total	Homeless Shelter Assist	Affordable Housing	Behavioral Health	Site & Building Fund	Retained by County
LB328 Minus Current	\$0.00	(\$0.25)	(\$0.95)	(\$0.30)	(\$0.25)	\$1.75
2024-25	\$0	\$0	\$0	\$0	\$0	\$0
2025-26	\$0	(\$2,119,900)	(\$8,055,500)	(\$2,543,900)	(\$2,119,900)	\$14,839,100
2026-27	\$0	(\$3,946,000)	(\$14,994,800)	(\$4,735,200)	(\$3,946,000)	\$27,622,000

The portions of LB468 that affect the SBDF cash fund would impact the ability of the department to recruit new business and business expansions in Nebraska and to provide state assistance for affordable housing projects. The loss of funding would result in the elimination of responsibilities for two FTE Economic Development Business Consultant IIs, one working on the AHTF grants and one working on the SBDF grants. The total impact to DED's cash funds is forecasted to be (\$10,175,400) and (\$18,940,800) in FY2025-26 and FY26-27, respectively.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
A49012 Econ Dev. Bus. Consultant II	-1.00	-2.00	(\$66,520)	(\$133,040)
Benefits.....			(23,280)	(46,560)
Operating.....			(20,460)	(42,640)
Travel.....			(6,650)	(13,970)
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			(\$116,910)	(\$236,210)

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION				
State Agency or Political Subdivision Name:(2) Department of Health and Human Services				
Prepared by: (3) John Meals		Date Prepared 2-18-25		Phone: (5) 471-6719
	FY 2025-2026		FY 2026-2027	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		(7,400,000)		(\$7,400,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0	(7,400,000)	\$0	(\$7,400,000)

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

Explanation of Estimate:

As written, LB328 will distribute funds collected from the Documentary Stamp Tax to the corresponding counties and no longer be appropriated to the Department of Health and Human Services (DHHS), more specifically the aid cash funds used to fund the Housing-Related Assistance (HRA) Program and the Nebraska Homeless Assistance Program (NHAP).

The Division of Behavioral Health (DBH) would lose access to \$3.2 million in appropriated cash funds that is currently used towards the HRA program. The Division of Public Health (DPH) would lose an average of \$4.2 million in appropriated cash funds that is currently used towards NHAP. NHAP also receives \$1 million in federal funding a year, but if the Stamp Tax revenue were to end, this would represent an approximate 80% decrease in the \$5.5 million total funds available to use for this program. The federal funds would also be at risk without the cash funds to fulfill the required state match.

LB328 makes it unclear as to whether the department would be eliminating the existing programing or requesting a general fund appropriation as a replacement.

MAJOR OBJECTS OF EXPENDITURE				
PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2025-2026	2026-2027
	26-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$0	\$0

LB328⁽¹⁾

Change provisions relating to the disbursement of the documentary stamp tax

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Douglas County

Prepared by: ⁽³⁾ Lori Pirsch,
Douglas County Director of
Budget and Finance

Date Prepared: ⁽⁴⁾ February 19, 2025

Phone: ⁽⁵⁾ 444-6881

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	<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:

LB328 WILL RESULT IN A BENEFICIAL FISCAL IMPACT ON DOUGLAS COUNTY

2024's total \$76-901 fees/revenue were nearly \$10.3M.

If Douglas County were to have kept the full \$2.25/per \$1000 of real estate transaction value fees (as is proposed by LB328), rather than the currently retained 0.50c/per \$1000, Douglas County would have realized an additional ≈\$8M in revenue for 2024.

<u>BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE</u>				
<u>Personal Services:</u>				
<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

State Agency OR Political Subdivision Name: (2)

Lancaster County Assessor/Register of Deeds

Prepared by: (3)

Dan Nolte

Date Prepared: (4)

01/17/25

Phone: (5)

402-441-7463

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:
This legislation would have no fiscal impact on this office.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

2025

FISCAL NOTE

Prepared by: (3) Dennis Meyer Date Prepared: (4) 1/22/2025 Phone: (5) 402-441-6869

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

LB328 introduces a change to the allocation process for funds collected under the documentary stamp tax. Previously, the register of deeds was required to calculate, retain \$0.50 for the county general fund, and remit the remaining \$1.75 to the State Treasurer, who then distributed the funds to various state programs, including the Affordable Housing Trust Fund, the Homeless Shelter Assistance Trust Fund, the Site and Building Development Fund, and the Behavioral Health Services Fund. Under the new provisions, the register of deeds will no longer remit a portion of the collected tax to the State Treasurer. Instead, the entire \$2.25 will be retained locally and directed into the County general fund for County use. In FY24, Lancaster County collected \$1.1 million in documentary stamp tax. This change would have increased the tax by \$3.85 million more.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

2025

FISCAL NOTE

Prepared by: (3) Elaine Menzel Date Prepared: (4) 1/21 /2025 Phone: (5) 402.434.5660

	FY 2025-26		FY 2026-27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

LB328 would transfer the distribution of the documentary stamp tax to the Affordable Housing Trust Fund, Site and Building Development Fund, Homeless Shelter Assistance Trust Fund and Behavioral Health Services Fund to the county general fund.

Currently, counties receive 50 cents of the \$2.25 documentary sales tax. LB328 would adjust the amount so that counties receive the full \$2.25. According to the 2023 Doc Stamp data from the Department of Revenue <https://revenue.nebraska.gov/research/statistics/miscellaneous-tax-data>, counties received \$7,830,977 in doc stamp revenue in 2023. If counties received all of the doc stamp revenue, the total would be \$35,242,920, an increase of \$27,411,943.

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:		
Approved by: James R. Kamm		Date Prepared: 02/19/2025		Phone: 471-5896		
	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds		\$ 0		\$ 0		\$ 0
Cash Funds		(\$16,235,000)		(\$28,370,000)		(\$29,221,000)
Federal Funds						
Other Funds		\$18,498,000		\$28,370,000		\$29,221,000
Total Funds		\$2,263,000		\$ 0		\$ 0

LB 328 amends Neb. Rev. Stat. § 76-903 to change the distribution of the documentary stamp tax collected. Currently, the documentary stamp tax collected is allocated as follows:

- The register of deeds retains \$0.5 to be placed in the county general fund and remits the remaining \$1.75 to the State Treasurer to be distributed as follows:
- The Affordable Housing Trust Fund receives 95 cents.
- The Homeless Shelter Assistance Trust Fund receives 25 cents.
- The Behavioral Health Services Fund receives 30 cents.
- The Site and Building Development Fund receives 25 cents.

LB 328 would eliminate documentary stamp tax funding for each fund above except all documentary stamp tax collected (\$2.25) would be retained by the register of deeds and placed in the county general fund.

LB 328 would also eliminate the annual stamp tax reporting requirements for the Department of Economic Development. LB328 also removes references to the documentary stamp tax funding and states the money in the “Behavioral Health Services Fund” must be used for the purposes of the fund.

It is estimated that this bill will have the following impacts on various funds:

	County General Fund (County)	Affordable Housing Trust Fund	Site and Building Development Fund	Homeless Shelter Assistance Trust Fund	Behavioral Health Services Fund
FY25-26	\$18,498,000	(\$8,814,000)	(\$2,319,000)	(\$2,319,000)	(\$2,783,000)
FY26-27	\$28,370,000	(\$15,400,000)	(\$4,052,000)	(\$4,052,000)	(\$4,866,000)
FY27-28	\$29,221,000	(\$15,863,000)	(\$4,174,000)	(\$4,174,000)	(\$5,010,000)
FY28-29	\$30,098,000	(\$16,338,000)	(\$4,299,000)	(\$4,299,000)	(\$5,162,000)

It is estimated that this bill will have no impact on General Fund revenues and no cost to the Department of Revenue to implement this bill.

The operative date of this bill is October 1, 2025.

Major Objects of Expenditure							
<u>Class Code</u>	<u>Classification Title</u>	<u>25-26 FTE</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>25-26 Expenditures</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....							