

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		See below		See below
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.

LB 599 seeks to amend sections relating to the documentary stamp tax. The documentary stamp tax is a tax collected on the transfer of a deed to real property. LB 599 seeks to clarify the exemption for “family corporations”.

LB 599 exempts the tax from the transfer of a deed from a family-owned entity to a member or spouse relating to that family, or to another family-owned entity under ownership by the same family. Family-owned entity refers to the original phrasing of the section, defined as a corporation, partnership, or limited liability company where all shares of stock, interest in the partnership, or ownership of the company are owned by members of a family.

The Department of Revenue was unable to provide an estimate on the fiscal impact of LB 599, as there is no data available to the department on the transfer of such family-owned real property. The Department expects that the clarification provided by LB 599 would increase the number of transactions qualifying for an exemption to the documentary stamp tax. This would in turn reduce the revenue for the various sources of the tax, which are the following:

- The county general fund where the tax was collected;
- The Affordable Housing Trust Fund;
- The Site and Building Development Fund;
- The Homeless Shelter Assistance Trust Fund; and
- The Behavioral Health Services Fund.

The Department of Revenue does not expect any costs to implement LB 599.

There is no basis to disagree with these estimates.

The impact to counties is unclear, although it appears unlikely that a significant fiscal impact would be seen. Counties received a total of \$942,491 in documentary stamp tax in 2019, and processed 77,255 transactions, of which 25,296 (32.7%) were deemed exempt. It’s unknown how many more transactions would be considered exempt due to LB 599, but the total impact to counties would be minimal relative to other revenue sources. The Nebraska Association of County Officials (NACO) was also unable to estimate a fiscal impact.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 599	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO)	
REVIEWED BY: Lee Will		DATE: 02/26/2021	PHONE: (402) 471-4175
COMMENTS: No basis to disagree with the NACO’s assessment of unknown fiscal impact to the counties.			

State Agency Estimate

State Agency Name: Department of Revenue Date Due LFO:
Approved by: Tony Fulton Date Prepared: 3/1/2021 Phone: 471-5896

Table with columns for FY 2021-2022, FY 2022-2023, and FY 2023-2024, each split into Expenditures and Revenue. Rows include General Funds, Cash Funds, Federal Funds, Other Funds, and Total Funds.

LB 599 amends Neb. Rev. Stat. § 76-902(5)(b) to clarify the exemption from documentary stamp tax for deeds to or from family-owned entities.

Deeds to or from a family-owned entity or from a member of a family, or their spouse, or another family-owned entity owned by the same family, in each case for no consideration other than permitted consideration are exempt from documentary stamp tax. Family-owned entity means a corporation, partnership, or limited liability company (LLC) when all shares of stock or interest in the partnership or LLC are owned by members of a family related to one another within the fourth degree of kindred.

The Department does not have data on transferring real property for the organizations classified in LB 599, and is unable to determine the decrease in documentary stamp tax revenue. The documentary stamp exemption in LB 599 will result in a reduction in the collection of documentary stamp tax. This is turn will reduce payments to the Affordable Housing Trust Fund, Site and Building Development Fund, Homeless Shelter Assistance Trust Fund, and Behavioral Health Services Fund.

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

The operative date for this bill is three months after adjournment.

Major Objects of Expenditure

Table with columns for Class Code, Classification Title, and Expenditures for years 21-22, 22-23, and 23-24. Rows include Benefits, Operating Costs, Travel, Capital Outlay, Capital Improvements, and Total.

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

2021

LB⁽¹⁾ 599

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/22/2021 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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 599 would revise an exemption to the documentary stamp tax for deeds to or from a family-owned entity to or from a member of such family, or a spouse thereof, or another family-owned entity owned by the same family, in each case for no consideration other than permitted consideration as defined in this subdivision.

The fiscal impact to counties is unknown.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____