

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	\$7,794,310	\$7,794,310	\$12,754,000	\$12,754,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$7,794,310	\$7,794,310	\$12,754,000	\$12,754,000

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

LB583 amends the Child Care Grant Fund to receive funds from Documentary Stamp Tax (76-903), changes eligibility of grants awarded under the fund, increases the grant maximum from \$10,000 to \$15,000, amends grant award eligibility from three to two years, requires the Department of Health and Human Services (DHHS) to contract with an organization to do the following:

- Prescribe the form on which an eligible recipient may apply to receive a grant under this section;
- Review applications and identify potential grant recipients; and
- Provide technical assistance to grant recipients.

LB583 amends the Military Installation Development and Support Fund, administered by the Department of Veterans Affairs, to receive funds from Documentary Stamp Tax (76-903) and states funds received via those transfers provide services to veterans in Nebraska through distributions of:

- At least \$100,000 per year to the Department of Veterans Affairs for contracting with community-based organizations to create a statewide skill bridge strategy or program to attract veterans to Nebraska; and
- At least \$100,000 per year to community-based organizations that provide mental health services to veterans in Nebraska.

LB583 amends the Affordable Housing Trust Fund to have five cents of every \$1.05 of funds received under 76-903 be distributed to emerging developers and twenty cents of every \$1.05 of funds received under 76-903 be distributed to special population and innovation housing programs and adds definitions for these new categories of recipients.

LB583 amends the Documentary Stamp Tax from \$2.25 to \$3.30 and makes the following amendments to fund distribution:

- Counties from fifty to seventy-five cents;
- Affordable Housing Trust Fund from ninety-five cents to \$1.05 (AHTF);
- Amends the Behavioral Health Services Fund from thirty to forty cents (BHSF);
- Adds five cents to be transferred to the Economic Recovery Contingency Fund (ERCF);
- Adds five cents to be transferred to the Military Installation Development and Support Fund (MIDSF);
- Adds five cents to be transferred to the Innovation Hub Cash Fund (IHCF);
- Adds five cents to be transferred to the Health Care Homes for the Medically Underserved Cash Fund (HCHMUS); and
- Adds forty cents to be transferred to the Child Care Grant Fund (CCGF).

PRESENT DOC STAMP LEVY		LB583 PROPOSED DOC STAMP LEVY	
COUNTY	0.5	COUNTY	0.75
AHTF	0.95	AHTF	1.05
SBDF	0.25	SBDF	0.25
HSAF	0.25	HSAF	0.25
BHSF	0.3	BHSF	0.4
TOTAL	2.25	ERCF	0.05
		MIDSF	0.05
		IHCF	0.05
		HCHMUS	0.05
		CCGF	0.4
		TOTAL	3.3

ESTIMATED EFFECT OF LB583 ON DOC STAMP DISTRIBUTION					
	COUNTY	AHTF	SBDF	HSAF	BHSF
25-26	\$ 2,380,940	\$ 1,234,475	\$ -	\$ -	\$ 1,234,475
26-27	\$ 3,999,000	\$ 1,578,400	\$ -	\$ -	\$ 1,578,400
	ERCF	MIDSF	IHCF	HCHMUS	CCGF
25-26	\$ 443,490	\$ 443,490	\$ 443,490	\$ 443,490	\$ 3,551,400
26-27	\$ 799,600	\$ 799,600	\$ 799,600	\$ 799,600	\$ 6,398,800

ESTIMATED CASH FUND APPROPRIATIONS FOR AGENCIES			
	DED	DHHS	VA
FY25-26	\$ 2,121,455	\$ 5,229,365	\$ 443,490
FY26-27	\$ 3,177,600	\$ 8,776,800	\$ 799,600

LB583 amends the Economic Recovery Contingency Fund, Health Care Homes for the Medically Underserved Cash Fund, and the Innovation Hub Cash Fund to receive transfers from 76-903.

Provisions related to DHHS and the Department of Veterans affairs creates options to contract, as such no staff is necessary for these provisions though there will be contracting costs associated with these provisions. No basis to disagree with the Department of Economic Development's estimates for additional administration of newly created subprograms within the Affordable Housing Trust Fund.

Technical Note: 81-12,243 states that, "The State Treasurer shall transfer any unobligated funds remaining in the Economic Recovery Contingency Fund on July 31, 2026, to the Inland Port Authority Fund." It appears the intent of LB583 is to continue grant awards from the ERCF, if so 81-12,243 would need to be amended.

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2025

LB⁽¹⁾ 583

FISCAL NOTE

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

Prepared by: ⁽³⁾ Dave Dearmont Date Prepared: ⁽⁴⁾ 2/10/2025 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>\$1,695,900</u>	<u>\$8,903,480</u>	<u>\$3,156,800</u>	<u>\$16,573,200</u>
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$1,695,900</u>	<u>\$8,903,480</u>	<u>\$3,156,800</u>	<u>\$16,573,200</u>

Explanation of Estimate:

LB583 would create and expand several programs with funds provided through an increase in the Doc Stamp Tax. The bill would create a grant program for licensed childcare providers administered by the Department of Health and Human Services, expand funding for the Health Care Homes for the Medically Underserved Fund, and expand the Military Installation Development and support fund administered by the Department of Veterans' Affairs.

Three DED-administered programs would be expanded under the provisions of LB583. The Affordable Housing Trust Fund would be expanded to provide grants for innovative housing programs and emerging developers. The Economic Recovery Contingency Fund would be required to establish and operate an office to pursue and coordinate grant funding on behalf of the state. LB583 would also provide funding to support iHubs through the Innovation Hub Cash Fund.

The increase the Doc Stamp Tax under LB583 would result in a tax increase of \$1.05 per \$1,000 valuation from the current \$2.25 to \$3.30 per \$1,000 valuation. The table below presents the changes in the distribution of the tax due to the provisions of the bill. The distributions to the Homeless Shelter Assistance Fund and the Site and Building Development Fund would remain unchanged. The Affordable Housing Trust Fund distribution would increase by \$0.10, as would the current Behavioral Health Services Fund. The amount of the Doc Stamp Tax retained by the counties would increase by \$0.25. Five cash funds will receive distributions from the Doc Stamp Tax for the first time under LB583. The Economic Recovery Contingency Fund, the Military Institution Development and Support Fund, the Innovation Hub Cash Fund, and the Health Care Homes for the Medically Underserved Fund would each receive \$0.05 of the \$3.30 per \$1,000 of valuation. In addition, the new Child Care Grant Fund would receive \$0.40 of the tax.

The distributions in the table below are based on DED's forecast for Doc Stamp Tax collections, and assumes that the October 1, 2025 operative date for the tax increase means that any taxes collected on the transfer of property in September would be remitted by the counties to the Department of Revenue in October and distributed to the funds according to current statute. Thus, the new distributions according to LB583 would not begin until December 2025.

Of the \$0.10 increase in the distribution to the AHTF, \$0.05 is intended to support emerging developers, and at least \$0.20 is to be distributed to special population and innovative housing programs. The impact on the existing Nebraska Affordable Housing program depends upon the number and amounts of awards that currently would qualify as funding for special population and innovative housing programs.

Impact of LB583 on Doc Stamp Distribution						
Fiscal Year	Total	Homeless Shelter Assist	Affordable Housing	Behavioral Health	Site & Building Fund	Retained by County
LB583 Minus Current	\$1.05	\$0.00	\$0.10	\$0.10	\$0.00	\$0.25
2024-25	\$0	\$0	\$0	\$0	\$0	\$0
2025-26	\$8,903,480	\$0	\$847,950	\$847,950	\$0	\$2,119,880
2026-27	\$16,573,200	\$0	\$1,578,400	\$1,578,400	\$0	\$3,946,000

Impact of LB583 on Doc Stamp Distribution (Continued)					
Fiscal Year	Econ Rec. Contingency Fund	Military Inst & Support	iHubs	Health Care Homes	Child Care Grant
LB583 Minus Current	\$0.05	\$0.05	\$0.05	\$0.05	\$0.40
2024-25	\$0	\$0	\$0	\$0	\$0
2025-26	\$423,980	\$423,980	\$423,980	\$423,980	\$3,391,800
2026-27	\$789,200	\$789,200	\$789,200	\$789,200	\$6,313,600

DED estimates that these additional programs using the AHTF cash fund would require the services of an Economic Development Manager to manage the new programs within the AHTF as well as a Economic Development Business Consultant II to work with newly eligible grantees. In addition, the new \$0.05 distribution for the grants office at DED will require the services of an Economic Development Business Consultant II. DED believes that the additional iHub funds can be administered without additional staff. The AHTF and iHub funds will generate additional state aid for the programs they serve; however, it is expected that the grant coordinator will use the new cash funds to hire consultants, grant writers, and other contracted services to administer the funds used to find and compete for grant funding for the state.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
G49550 Econ. Dev. Manager	0.75	1.00	\$52,920	\$70,560
A49012 Econ. Dev. Bus. Consultant II	1.50	2.00	99,780	133,040
Total	2.25	3.00	\$152,700	\$203,600
Benefits.....			53,440	71,260
Operating.....			383,930	748,260
Travel.....			20,260	28,360
Capital outlay.....			25,800	0
Aid.....			1,059,770	2,105,320
Capital improvements.....				
TOTAL.....			\$1,695,900	\$3,156,800

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 2-19-25

Phone: (5) 471-6719

	FY 2025-2026		FY 2026-2027	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$6,375,000	\$6,360,974	\$8,500,000	\$8,481,298
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$6,375,000	\$6,360,974	\$8,500,000	\$8,481,298

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

Explanation of Estimate:

LB583 changes the provisions relating to the rate and disbursement of the Documentary Stamp Tax, Child Care Grants, Military Installation Development and Support Funds, Affordable Housing Trust Funds, Innovation Hub Cash Funds, Economic Recovery Contingency Funds, and Health Care Homes for the Medically Underserved Funds.

Enactment of this bill would change the language for the Child Care Grants by removing the word "person" from the current statute, making these grants only available for licensed child care providers, community-based organizations, or schools. As a result, the Department of Health and Human Services (DHHS) would no longer be able to offer start-up grants to non-licensed individuals who request funds to open a new child care program. This will hinder the Office of Economic Assistance (OEA) from working through current child care capacity issues the state has been facing. Moreover, this bill specifies funds can be used to start, maintain, or grow a licensed child care program. The word "start" in the statute would conflict with existing licensed child care programs who are already licensed and would not be able start a new program. Implementation of this would involve revisions for Title 392 Chapter 5 which provides information on current child care grant amounts and allowable uses of the grant. OEA's grant website and resources would also need to be removed to align with the changes stated within this bill as well as the statewide organization that are awarded the contract.

The Neb. Rev. Stat. § 43-2623 appropriates \$250,000 for child care grants. There would be an added cost associated with contracting out the grant program through a state-wide organization. Consequently, this bill does allow the grant money to be utilized towards retention, recruitment incentives, or capital expenses. The Office of Procurement and Grants (OPG) would work alongside with programs to issue grants directly to the recipients, with input from the statewide organization. A Request for Proposal (RFP) would need to be developed and released for a statewide organization to manage this grant program. Furthermore, this bill would change the maximum grant amount from \$10,000 to \$15,000 and allow the size of the award to be based on the need demonstrated through the application, and providers can apply for the grant every 2 years rather than every 3 years as it is currently. The childcare grant team could potentially absorb the work within the existing team.

LB583 would also increase the Document Stamp Tax from \$2.25 to \$3.30 resulting in changes to several funds. The bill keeps the amount of tax the same for the Homeless Shelter Assistance Trust Fund at \$0.25. The tax for the Behavioral Health Services Fund is increased from \$0.30 to \$0.40. An increase of five cents would be added to the Health Care Homes for Medically Underserved Fund, which is distributed to Federally Qualified Health Centers (FQHCs). Finally, an increase of forty cents would be added to the Child Care Grant fund.

The estimated increase in revenue based on the above calculation would be \$8,481,298. The Department would need additional cash authority to spend the additional revenue.

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.....			\$6,375,000	\$8,500,000
Capital Improvements.....				
TOTAL			\$6,360,974	\$8,500,000

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:			
Approved by: James R. Kamm				Date Prepared: 02/18/2025			
				Phone: 471-5896			
		FY 2025-2026		FY 2026-2027		FY 2027-2028	
	<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		\$7,417,000			\$12,966,000		\$13,353,000
Federal Funds							
Other Funds		\$2,642,000			\$4,052,000		\$4,174,000
Total Funds		\$11,096,000			\$17,018,000		\$17,527,000

The documentary stamp tax is currently assessed at a rate of two dollars and twenty-five cents on each one thousand dollars of value of real estate transferred. Currently, each \$2.25 is distributed as follows:

- 50 cents for the county general fund;
- 95 cents to the Affordable Housing Trust Fund;
- 25 cents to the Site and Building Development Fund;
- 25 cents to the Homeless Shelter Assistance Trust Fund;
- 30 cents to the Behavioral Health Services Fund.

LB583 would increase the documentary stamp tax rate to \$3.3 and distribute it as follows:

- 75 cents for the county general fund;
- \$1.05 to the Affordable Housing Trust Fund;
- 25 cents to Site and Building Development Fund;
- 25 cents to the Homeless Shelter Assistance Trust Fund;
- 40 cents to the Behavioral Health Services Fund;
- 5 cents to the Economic Recovery Contingency Fund for the establishment and operation of an office to pursue and coordinate grant funding on behalf of the state;
- 5 cents to the Military Installation Development and Support Fund to support community-based organizations that provide services to veterans in Nebraska through distributions;
- 5 cents to the Innovation Hub Cash Fund for operational support of innovation hubs;
- 5 cents to the Health Care Homes for the Medically Underserved Fund; and
- 40 cents to the Child Care Grant Fund.

Currently “persons, community-based organizations, or schools needing assistance to start or improve a child care program or needing assistance to provide staff training” for such programs are eligible for a grant of up to \$10,000 no more than once in a three-year period. And grants may only be given to those who do not discriminate against children with disabilities or those whose care is funded by any state or federal funds. As amended, LB583 would remove “persons” from those who may receive grants and adds “licensed childcare providers” to the type of groups who may receive grants. As amended, LB583 would allow grants to those who “start, maintain, or grow a licensed child care program or needing assistance to provide for staff training, staff retention or recruitment

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.....							

incentives, or capital expenses for a licensed child care program”. Grants would be limited to \$15,000 and may be awarded no more than once in a two-year period. The discrimination clause is also removed. LB583 would require the Department of Health and Human Services contract with an organization to prescribe an application form, review applications, identify grant recipients, and provide technical assistance to grant recipients.

Under LB583, money transferred to the Military Installation Development and Support Fund from the documentary would be used as follows: at least \$100,000 per year to the Department of Veterans’ Affairs and at least \$100,000 per year to organizations providing mental health services to Nebraska veterans.

It is estimated that the increase in documentary stamp tax will have the following impacts on various funds:

	FY25-26	FY26-27	FY27-28	FY28-29
County General Fund (County)	\$ 2,642,000	\$ 4,052,000	\$ 4,174,000	\$ 4,299,000
Affordable Housing Trust Fund	\$ 927,000	\$ 1,621,000	\$ 1,669,000	\$ 1,719,000
Behavioral Health Services Fund	\$ 927,000	\$ 1,621,000	\$ 1,669,000	\$ 1,719,000
Economic Recovery Contingency Fund	\$ 463,000	\$ 810,000	\$ 834,000	\$ 859,000
Military Installation Development and Support Fund	\$ 463,000	\$ 810,000	\$ 834,000	\$ 859,000
Innovation Hub Cash Fund	\$ 463,000	\$ 810,000	\$ 834,000	\$ 859,000
Medically Underserved Fund	\$ 463,000	\$ 810,000	\$ 834,000	\$ 859,000
Child Care Grant Fund	\$ 3,711,000	\$ 6,484,000	\$ 6,679,000	\$ 6,879,000

It is estimated that this bill will have no impact on General Fund revenues.

It is estimated that there will be minimal costs to the Department of Revenue to implement this bill.

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