

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	595,747	8,197,000	0	0	8,792,747
FY2027-2028	229,332	24,960,000	0	0	25,189,332
FY2028-2029	235,432	25,578,750	0	0	25,814,182
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	8,197,000	0	0	8,197,000
FY2027-2028	0	24,960,000	0	0	24,960,000
FY2028-2029	0	25,578,750	0	0	25,578,750

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

LB856 would create the Community Reinvestment and Equity Act which would do the following:

- Declare findings of the Legislature;
- Declare Legislative intent;
- Set definitions under the act;
- Set administration of the act in the Department of Economic Development (DED);
- Establish a 5% excise tax on the gross receipts of each covered business within a Qualified Census Tract beginning on 1/1/2027;
 - Describes the manner of the collection of the excise tax;
 - Remits the excise tax to the Community Reinvestment Fund;
 - Creates duties for the Tax Commissioner relating to reporting of the excise tax collection;
 - Allows for the Tax Commissioner to promulgate rules and regulations relating to the collection of the excise tax;
- Prohibit covered businesses from advertising the excise tax as a surcharge on any specific product, allows for price adjustments in the ordinary course of business;
 - Creates a deceptive trade practice violation for violating the prohibition on advertisement of the excise tax;
 - Grants the Attorney General authority to enforce violations;
- Require annual reporting for covered businesses beginning 4/1/2028, details the report requirements;
- Require DED to publish an annual rating on its website, describes the rating system, creates a \$50,000 per location fine for covered businesses receiving a "Noncompliance" rating;
 - Creates a hearing process for firms which receive fines, describes the hearing and appeal process;
- Create the Community Reinvestment Fund with DED, enumerates the eligible uses of the fund, establishes a grant program under the fund to begin 1/1/2028, creates grant categories, lists the grant distribution, caps the use of the fund for administration at 5% of the fund;
- Require DED to maintain a searchable database on its website, lists the database requirements;
- Allow for DED to promulgate rules and regulations pursuant to administration of the Community Reinvestment and Equity Act; and
- State how the Community Reinvestment and Equity Act is to be construed.

No basis to disagree with the Department of Health and Human Services and Attorney General estimates for no fiscal impact. No basis to disagree with the Department of Revenue's estimates for revenue and administrative expense as a result of LB856. No basis to disagree with the Department of Economic Development's estimate for administration, however the cost will be ongoing and for purposes of this fiscal note we are reflecting this as a cash fund expense. Sec. 7 of LB856 requires the Department to make awards and enumerates the percentage, for purposes of this fiscal note we are interpreting that revenues from the cash fund will be fully awarded after covering agency administration. In addition, Sec. 7 caps the administrative costs from the Community Development Cash Fund at 5% of annual deposits into the fund, as a result the Department of Revenue's costs are reflected as a General Fund expense.

Estimates for appropriations are as follows:

	Department of Revenue		
	26-27	27-28	28-29
General Funds	\$595,747	\$229,332	\$235,432
PSL	\$150,200	\$154,700	\$159,300

	Department of Economic Development		
	26-27	27-28	28-29
Cash Fund, operations	\$30,250	\$130,250	\$130,250
Cash Fund, aid	\$8,066,750	\$24,829,750	\$25,578,750
PSL	\$68,015	\$68,015	\$68,015

Technical note: The \$50,000 fine established under Section 6 does not describe its distribution. In absence of distribution detail, we assume that it will be distributed in accordance with Article VII-5 of the Nebraska State Constitution.

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

2026

LB⁽¹⁾ 856

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Attorney General

Prepared by: ⁽³⁾ Bebe Strnad Date Prepared: ⁽⁴⁾ 1-16-26 Phone: ⁽⁵⁾ 402-471-2687

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</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:

No Fiscal Impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27</u>	<u>2027-28</u>
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

LB: 856 AM: AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Ryan Yang DATE: 2/17/2025 PHONE: (402) 471-4178

COMMENTS: The Department of Revenue assessment of fiscal impact from LB 856 appears reasonable.

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

LB: 856 AM: AGENCY/POLT. SUB: Department of Health and Human Services (DHHS)

REVIEWED BY: Ryan Yang DATE: 2/17/2025 PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the DHHS assessment of no fiscal impact from LB 856.

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

LB: 856 AM: AGENCY/POLT. SUB: Attorney General

REVIEWED BY: Ryan Yang DATE: 1/13/2026 PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the Attorney General assessment of no fiscal impact from LB 856.

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

LB: 856 AM: AGENCY/POLT. SUB: Department of Economic Development

REVIEWED BY: Ryan Yang DATE: 1/16/2025 PHONE: (402) 471-4178

COMMENTS: No basis to disagree with the DED assessment of no fiscal impact from LB 856.

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

2026

LB⁽¹⁾ 856

FISCAL NOTE

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

Prepared by: ⁽³⁾ Kob Kitcharoen Date Prepared: ⁽⁴⁾ 01/09/25 Phone: ⁽⁵⁾ (402) 471-3741

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$130,250			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$130,250</u>			

Explanation of Estimate:

LB856 creates the Community Reinvestment Fund under a Community Reinvestment and Equity Act. Beginning on January 1, 2027, LB856 would impose a five percent community reinvestment excise tax on gross receipts of gas stations, convenience stores, or package liquor stores operating in qualified census tracts. LB856 requires the Department of Economic Development (DED) to issue a public rating of community reinvestment performance and to direct proceeds to federally qualified health centers, homeless services, re-entry housing, healthy food access, childcare, and community development initiatives. The collected excise taxes are remitted by the Tax Commissioner to the State Treasurer for credit to the Community Reinvestment Fund.

Beginning on April 1, 2028, covered businesses are required to file an annual community investment report with DED detailing: (a) investments or in-kind contributions by the covered business to federally qualified health centers, homeless services, re-entry housing, healthy food access, childcare, and community development initiatives in the qualified census tract where the covered business operates, (b) local hiring, apprenticeships, or workforce partnerships, (c) participation in a healthy corner store program, Supplemental Nutrition Assistance Program, WTC program, or other similar programs, and (d) community engagement activities. LB 856 requires DED to publish an annual rating for each covered business on DED’s website based on the weighted criteria and ratings specified in LB856. The penalty for a noncompliance rating from DED is a fine of up to ten thousand dollars per location and up to fifty thousand dollars for any subsequent noncompliance rating. Penalized covered businesses may request a hearing under the Administrative Procedure Act on the fine imposed.

Beginning on January 1, 2028, DED, in consultation with the Department of Health and Human Services, administers the Community Reinvestment Fund. The Fund is to be used for grants with specifically delineated percentages going to childcare, early childhood development, community development initiatives, healthcare, healthy food access, homeless services, and re-entry housing.

DED may audit grantees for performance and compliance. Grantees may appeal audit decisions in accordance with the Administrative Procedure Act.

LB856 requires DED to maintain a searchable database on its website showing: (a) covered business filings, investments, and ratings, and (b) grants awarded by qualified census tracts.

Administrative costs to administer the Fund are capped at five percent of the annual deposits in the Community Reinvestment Fund. DED will need 1 FTE Economic Development Business Consultant II to implement the program due to the unavailability of funds for administrative costs in the first year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2026-27	2027-28
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Economic Development Business Consultant II	1.0		\$68,015	
Benefits.....			23,805	
Operating.....			23,029	
Travel.....			6,801	
Capital outlay.....			8,600	
Aid.....				
Capital improvements.....				
TOTAL.....			\$130,250	

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 2-12-2026

Phone: (5) 471-6719

	<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0	\$0	\$0	\$0

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

Explanation of Estimate:

LB856 creates a 5% excise tax on certain businesses in communities where residents experience significant barriers to primary care, re-entry housing and services, access to healthy foods, affordable childcare, and other community-stabilizing initiatives. The revenue from this tax would be utilized to create a fund and grant program aimed at reinvesting in these communities to reduce the barriers and promote stability. The fund will be administered by the Department of Economic Development.

Implementation of this bill would require the Office of Economic Assistance (OEA) to collaborate with the Department of Economic Development (DED) to issue annual grants to organizations that support child care and early childhood services, community development initiatives, federally qualified health centers, healthy food access, and homelessness prevention beginning January 1, 2028.

OEA would absorb any required action within existing resources.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2026-2027	2027-2028
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$0	\$0

Fiscal Year	Community Reinvestment Fund
FY26-27	\$ 8,197,000
FY27-28	\$ 24,960,000
FY28-29	\$ 25,709,000

LB 856 requires a one-time programming charge of \$385,947 paid to OCIO for programming and development costs. Maintenance costs are estimated at \$23,532 for subsequent years. DOR will also need to hire 1.0 FTE Fiscal Compliance Analyst and 1.0 FTE Information Technology Supervisor to implement LB 856.