

Revised to correct the AS Budget Division comment for the University of Nebraska.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below	See Below	See Below	See Below
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS	See Below	See Below	See Below	See Below
OTHER FUNDS	See Below	See Below	See Below	See Below
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

LB 372 is the Buy Nebraska Act.

Section 2 provides definitions for “Department”, “Nebraska business”, and “Out-of-state business”.

Section 3 requires the Department of Administrative Services to consult with the Department of Economic Development in developing criteria to determine whether a business has a substantial positive impact on the state.

Section 4 provides price preferences for goods and services purchased from a Nebraska business under the Act. These preferences are:

- 5% for a purchase expected to be less than \$500,000
- 3% for a purchase expected to be between \$500,000 and \$1,000,000
- 1% for a purchase expected to be over \$1,000,000

Section 4 goes on to address situations where two or more bids are the same.

Section 5 requires the Department of Administrative Services to adopt and promulgate rules and regulations to create a preference for a Nebraska business that submits an offer for a purchase if an out-of-state business submits an offer for the purchase and the out-of-state business is a business from a state that gives purchase preferences unfavorable to Nebraska businesses. Section 5 goes on to specify items the rules and regulations shall include.

Section 7 outlines what a business that wants to claim a preference under the act must do to achieve that status.

Section 8 exempts the purchases pursuant to the State Lottery Act or any contract for any product upon which federal funds would be withheld because of the provisions of the Act.

The provisions of LB 372 have the ability to impact every state agency. It is unmanageable to contact all agencies, so for the purpose of this note, a sampling of some agencies is provided.

The Nebraska Game and Parks Commission is unable to calculate a potential cost but an increase in time and direct costs is anticipated. Due to the variance in purchase amounts and the “in-state vs. out-of-state” occurrences, there are simply too many variables to predict a cost.

The Department of Corrections had expenditures of approximately \$43 million in fiscal year 2011-12 that could be affected by the bill’s provisions. The estimate the impact on their contracts could be between \$900,000 and \$1.3 million. This assumes that all \$43 million of those expended dollars would be awarded to preferred bidders.

The University of Nebraska anticipates the need to gather more information regarding vendors in order to provide the proper preferences to Nebraska businesses. The University estimates the need for 4.0 additional FTE to track this information. In addition, some software programming would be required. Beyond these costs, the University notes that the cost of the preferences could be significant. For purposes of their response, they used a figure of \$500,000. This assumes a 0.5% increase on \$100 million of

purchases of goods and services. This does not appear to be an estimate of the cost they are likely to face (since using a 0.5% increase is far below the bill's provisions); rather, it appears that this figure is used as an illustration.

The Department of Administrative Services (DAS) has calculated the bill's price preferences as if they were applied to the contracts the State Purchasing Bureau has processed on behalf of state agencies. The total dollar figure they estimate is \$24,871,890. This amount would be a cost to all fund types. DAS points out that the actual fiscal impact is unknown. This dollar figure is simply an application of the bill's preferences against prior contracts. Two notes should be taken into consideration when viewing this \$24 million figure: 1) DAS states that "This amount reflects the value of contracts over the entire life of the contracts." The preferences are not applied on an annual base. Rather, they are applied on a contractual base. If a contract is in force for 3 years, it would appear that they are counting that cost three times, since their figures are provided for this note on a year-by-year basis. 2) This figure is based on all contracts the DAS processed. Clearly not every contract will be fulfilled with a Nebraska business. A portion of that total will be qualifying businesses, but not **all** of them.

DAS goes on to address their added workload issues under the bill. In their estimate, they would need four additional FTE (1 paralegal, 2 Buyer III, and 1 Staff Assistant 1) to address the increased workload associated with the bill's provisions. These positions would be needed to research other state' preference laws, assist with the promulgation of rules and regulations, consulting with the Department of Economic Development, developing guidelines and bidding structures, and assisting state agencies with determining, incorporating, and implementing the preference requirements. The cost for these four positions is \$308,684 in fiscal year 2013-14 and \$305,060 in fiscal year 2014-15. This would be a Revolving Fund impact on both the revenue and expenditure side for DAS.

DAS – Building Division estimates further costs. Again, these costs are “exceedingly difficult to quantify, but it is certain that there would be a fiscal impact.” They estimate the need for 2 additional FTE (Buyer III and Staff Assistant 1) at a cost of \$151,496 in fiscal year 2013-14 and \$149,611 in fiscal year 2014-15. Building Division provides similar analysis regarding the potential increase in the cost of contracts.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 372	AM:	AGENCY/POLT. SUB: University of Nebraska
REVIEWED BY: Gary Bush	DATE: February 11, 2013	PHONE: 471-4161
COMMENTS: REVISED on February 11, 2013 The University of Nebraska's estimate of impact appears to be reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 372	AM:	AGENCY/POLT. SUB: Nebraska Game and Parks Commission
REVIEWED BY: Gary Bush	DATE: February 6, 2013	PHONE: 471-4161
COMMENTS: The Nebraska Game and Parks Commission estimate of the fiscal impact appears to be reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 372	AM:	AGENCY/POLT. SUB: Dept. of Correctional Services
REVIEWED BY: Gary Bush	DATE: February 6, 2013	PHONE: 471-4161
COMMENTS: The Dept. of Correctional Services estimate of costs appears to be reasonable.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 372	AM:	AGENCY/POLT. SUB: Department of Administrative Services
REVIEWED BY: Gary Bush	DATE: February 5, 2013	PHONE: 471-4161
COMMENTS: The Dept. of Administrative Services estimate of cost to the agency to implement the bill appears to be reasonable. The estimate by the agency of an increase in the purchasing assessment and the impact to other agencies appears to be reasonable. .		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 372	AM:	AGENCY/POLT. SUB: Secretary of State
REVIEWED BY: Gary Bush	DATE: February 4, 2013	PHONE: 471-4161
COMMENTS: Concur.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 372	AM:	AGENCY/POLT. SUB: Dept. of Economic Development
REVIEWED BY: Gary Bush	DATE: January 25, 2013	PHONE: 471-4161
COMMENTS: Concur.		

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

2013

LB⁽¹⁾ 372 FISCAL NOTE

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

Prepared by: ⁽³⁾ Gary Hamer Date Prepared: ⁽⁴⁾ January 24, 2013 Phone: ⁽⁵⁾ 1-4388

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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

Explanation of Estimate:
No Fiscal Impact

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2013

LB⁽¹⁾ 372 FISCAL NOTE

State Agency OR Political Subdivision Name: Nebraska Game and Parks Commission (Agency 33)

Prepared by: (3) Patrick H. Cole Date Prepared: (4) 1/25/2013 Phone: (5) 402-471-5523

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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

Explanation of Estimate:

The proposed legislation would adopt the Buy Nebraska Act which would provide price preferences for goods and services purchased from a Nebraska business. The Nebraska Department of Administrative Services would essentially be responsible for determining which businesses qualify as a Nebraska business and thus subject to the price preference.

Preferences are proposed at 5% for purchases less than \$500,000; 3% for purchases between \$500,000 and less than \$ 1,000,000; and 1% if \$1,000,000 or more. If goods are provided, and they are determined to be manufactured, assembled or produced in Nebraska additional preference would be available if two or more bids are submitted. These additional preferences would be 3% for purchases less than \$500,000; 2% for purchases between \$500,000 and less than \$ 1,000,000; and 1% if \$1,000,000 or more. The Department of Administrative Services is tasked to establish rules and regulations and guidance related to preferences under criteria proposed in the legislation.

A definitive fiscal impact is undeterminable but an increase in time and direct costs is anticipated. Conceivably, in those circumstances that a Nebraska business was bidding against a non-Nebraska business for goods that qualified for the secondary preferences the agency could pay up to 8% more for purchases less than \$500,000 (nearly \$40,000 at max); 5% more for purchases between \$500,000 and less than \$1,000,000 (nearly \$50,000 at max); and 2% more for purchases \$1,000,000 or greater (minimum \$20,000).

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2013

LB⁽¹⁾ 372 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ University of Nebraska

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ February 4, 2013 Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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

Explanation of Estimate:

The Buy Nebraska bill would require us to gather information about vendors and provide preferences to Nebraska businesses. Those preferences come at a designed benefit to the vendor (and disadvantage to state agencies).

The University will require additional staff to track this information and will require some software programming to accommodate the bill.

If we anticipate just a ½ % increase in \$100,000,000 in purchases of goods and services that would result in a \$500,000 increase in spending.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Office Associate	4.0	4.0	160,000	160,000
Benefits.....			48,000	48,000
Operating.....			500,000	500,000
Travel.....				
Capital outlay...(Computer Software Update)			50,000	50,000
Aid.....				
Capital improvements.....				
TOTAL.....			758,000	758,000

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

2013

LB⁽¹⁾ 372 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Secretary of State

Prepared by: ⁽³⁾ Colleen Byelick Date Prepared: ⁽⁴⁾ 1/31/13 Phone: ⁽⁵⁾ 402-471-8076

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

This bill has no fiscal impact for the Secretary of State.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2013

LB⁽¹⁾ 372 FISCAL NOTE

State Agency OR Political Subdivision Name: (2) Nebraska Department of Correctional Services (NDCS)

Prepared by: (3) Christina Peters Date Prepared: (4) 2/4/2013 Phone: (5) (402) 479-5702

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>749,000</u>	<u>0</u>	<u>749,000</u>	<u>0</u>
CASH FUNDS	<u>0</u>	<u></u>	<u>0</u>	<u></u>
FEDERAL FUNDS	<u>0</u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u>351,000</u>	<u></u>	<u>351,000</u>	<u></u>
TOTAL FUNDS	<u>1,100,000</u>	<u>0</u>	<u>1,100,000</u>	<u>0</u>

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

Explanation of Estimate:

NDCS had expenditures of approximately \$43,000,000 in FY12 that could be affected by this legislation. Nebraska bidders would receive preferential pricing of 3% - 5%; therefore, additional costs may be necessary on current and future contracts, increasing the costs of affected goods and services. Using the three-tiered price preferences, it is estimated expenses could increase as much as \$900,000 - \$1,300,000.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14 EXPENDITURES</u>	<u>2014-15 EXPENDITURES</u>
	<u>13-14</u>	<u>14-15</u>		
<u>Benefits.....</u>	<u></u>	<u></u>	<u></u>	<u></u>
<u>Operating.....</u>	<u></u>	<u></u>	<u>1,100,000</u>	<u>1,100,000</u>
<u>Travel.....</u>	<u></u>	<u></u>	<u></u>	<u></u>
<u>Capital outlay.....</u>	<u></u>	<u></u>	<u></u>	<u></u>
<u>Aid.....</u>	<u></u>	<u></u>	<u></u>	<u></u>
<u>Capital improvements.....</u>	<u></u>	<u></u>	<u></u>	<u></u>
<u>TOTAL.....</u>	<u></u>	<u></u>	<u>1,100,000</u>	<u>1,100,000</u>

2013 Legislative Bill Proposal Fiscal Note

Bill #: LB 372

State Agency: AS / Materiel - State Purchasing Bureau, State Building Division, 309 Task Force for Building Renewal

Prepared by: Brenda Pape
Dennis Summers
Steve Hotovy

Date Prepared: 1/23/2013

Phone: 402-471-0970
402-471-8351
402-471-3515

Estimate of Fiscal Impact – State Agencies

	FY 2013-14		FY 2014-15	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds	41,757		39,631	
Federal Funds				
Other Funds	460,181	308,684	454,671	305,060
Total Funds	501,938	308,684	494,302	305,060

Explanation of Estimate: This bill provides for provisions relating to resident bidder preferences for goods and services, as well as preferences for goods manufactured in Nebraska. The percentage of preference varies depending upon the estimated dollar value of the contract.

The list provided below pertains to contracts that the State Purchasing Bureau has processed on behalf of State Agencies. The total estimated cost for the 218 current service contracts (not including construction contracts) processed through State Purchasing is \$2,394,700,500. This amount reflects the value of contracts over the entire life of the contracts. Most service contracts span several years. Assuming that a preference could be applied to each contract, the following is a breakdown of those contracts with applicable preferences applied:

100 services contracts estimated at \$1,000,000.00 and over with a possible 1% preference applied would increase costs to agencies from a current cost of \$2,364,463,996 to \$2,388,108,636 which is an increase of \$23,644,640 ($\$2,364,463,996 \times 1\% = \$23,644,640$).

21 services contracts estimated from \$500,000 to \$1,000,000 with a possible 3% preference applied would increase costs to agencies from a current cost of \$14,228,761 to \$14,655,624 which is an increase of \$426,863 ($\$14,228,761 \times 3\% = \$426,863$).

83 services contracts estimated under \$500,000 with a possible 5% preference applied would increase costs to agencies from current a cost of \$16,007,743 to \$16,808,130 which is an increase of \$800,387. ($\$16,007,743 \times 5\% = \$800,387$).

Total potential increase to agencies is estimated to be \$24,871,890. ($\$23,644,640 + \$426,863 + \$800,387 = \$24,871,890$). The State Purchasing Bureau is unable to determine how many future incidents of this type will occur, therefore the actual fiscal impact is unknown.

The table below summarizes the above potential impact by fund type of the possible increased cost to agencies for current service contracts (does not include construction contracts). The current data is assumed for the new biennium, as it is difficult to determine the number, dollar amount, and applicable preferences, if any, of future service contracts. The allocation by fund type is based on total FY11-12 operational expenditures.

	FY2013-14	FY2014-15
	Expenditures	Expenditures
General Funds	8,030,012	8,030,012
Cash Funds	8,380,639	8,380,639
Federal Funds	4,004,445	4,004,445
Revolving Funds	4,456,794	4,456,794
Total Funds	24,871,890	24,871,890

The total number of services contracts and dollar values listed above is not reflective of contracts that are processed by agencies on their own as allowed by statute. State Purchasing is not required to bid all services contracts for all agencies, but may do so upon request of the state agency.

The State Purchasing Bureau bids all goods contracts for agencies to utilize. State Purchasing currently has 441 goods contracts in place. Goods contracts are bid on a per unit fixed cost, not on a total contract amount. Therefore, all items on contracts would receive a 5% Nebraska-Based Preference and, in addition, may also receive an additional 3% Preference if the goods are manufactured in Nebraska. The total impact to agencies cannot be calculated as actual usage of these contracts is dependent upon individual agency needs and budgets.

In addition, Administrative Services may have to apply preference granted by other states or modify the preferences granted under this bill if the preferences under LB372 are greater than those provided in the other state, thus creating an additional unknown fiscal impact.

The State Purchasing Bureau would need four (4) additional staff members (FTE's) to carry out the requirements of this bill. A Paralegal, two (2) Buyer III's, and a Staff Assistant II would be needed to research other states' preference laws, assist with promulgating rules and regulations, consult with Economic Development in developing criteria for determining whether a business has a substantial positive impact on the state, develop guidelines for determining when goods are deemed to be manufactured, assembled, or produced in the state, develop and structure bid documents and evaluation criteria, gather information to meet the requirements of the bill, work directly with Economic Development to determine economic impact to the State and whether a business meet the standards of a Nebraska-based company, and assist agencies with determining, incorporating, and implementing the preference requirements in the awarding of state contracts.

The estimated costs for the four (4) additional FTE's are \$308,684 in FY13-14 and \$305,060 in FY14-15. These costs include salary and benefits (health insurance is budgeted using the State's current share of the highest cost family plan); and ongoing annual operating costs (communication/data processing, printing/publication, supplies and rent/depreciation surcharge). There would also be a one-time cost in FY13-14 for the purchase of new equipment and set up costs of \$2,500 per FTE for a total of \$10,000.

These additional costs would result in the need for an additional revolving appropriation and an increased Materiel-Purchasing Assessment to State Agencies.

The table below summarizes the impact by fund type of the increased statewide Materiel-Purchasing Assessment. The allocation by fund type is based on total FY11-12 operational expenditures.

	FY2013-14	FY2014-15
	Expenditures	Expenditures
General Funds	99,660	98,490
Cash Funds	104,012	102,791
Federal Funds	49,699	49,116
Revolving Funds	55,313	54,664
Total Funds	308,684	305,060

The total fiscal impact of the proposed bill on the AS/Building Division's (AS/SBD) construction contracts, both those funded by the AS/SBD and those state-wide that are managed by the AS/SBD, is exceedingly difficult to quantify, but it is certain that there would be a fiscal impact.

It is estimated that enactment of the bill would require two (2) additional FTE's (a Buyer III and Staff Assistant II) for AS/SBD to perform the following activities:

- Establishment of a number of new rules and regulations specified by the bill.
- Modification of each set of plans and specifications for construction or renovation to allow AS/SBD to evaluate which materials and services might qualify for the Nebraska preference.
- Evaluation of each bid submitted to determine if the state preference is present and if the bid qualifies for preference.
- Provision of training for AS/SBD staff and the contractor community to explain the new requirements for bid submission and evaluation.

The amount of the fiscal impact on AS/SBD funded or managed construction projects is nearly impossible to project cost impacts due to the specified percentage preference varying depending on the type of construction and materials. Components of the bidding process necessary to determine applicable preferences will rely on rules and regulations not yet in place.

The estimated costs for the additional two (2) FTE's for AS/SBD are \$151,496 in FY13-14 and \$149,611 in FY14-15. These costs are calculated as noted above.

These additional costs would result in the need for additional revolving appropriation and an increased administrative cost that could result in the need to increase rental rates at the AS/SBD managed facilities.

Per LB 372 construction and consulting services contracts paid for with 309 Task Force funds would also apply. The actual fiscal impact of the proposed bill on 309 Task Force is nearly impossible to quantify.

Passage of the bill will require a .25 additional Per Diem employee for the Task Force to assist AS/SBD, other AS Divisions and possibly other agencies, to review project plans and to perform the same type of activities listed above under AS/SBD.

The amount of the fiscal impact on 309 Task Force funded construction projects is nearly impossible to determine for the same reasons discussed above for AS/SBD. If, for example, the bill would become law, assuming as small as a 1% impact on 309 Task Force funded projects, the result would be \$212,739 for each year of the coming biennium, based on requested appropriation of \$21,273,930 for the 309 Task Force in each of the two years ($\$21,273,930 \times 1\% = \$212,739$ per year).

The estimated costs for the additional .25 Per Diem employee (professional architect) are \$41,757 in FY13-14 and \$39,631 in FY14-15. These costs include salary and benefits; ongoing annual operating costs (communication/data processing, printing/publication, supplies and rent/depreciation surcharge). A Per Diem employee is paid a daily rate and isn't eligible for the State's health or retirement plans. There would also be a one-time cost in FY13-14 for the purchase of new equipment and set up costs of \$2,500.

These additional costs would result in the need for additional cash appropriation.

Major Objects of Expenditure

Personal Services:

Position Title:	Number of Positions		FY 2013-14	FY 2014-15
	13-14	14-15	Expenditures	Expenditures
Staff Assistant II	2	2	68,530	70,072
Paralegal	1	1	39,208	40,070
Buyer III	3	3	145,179	148,446
.25 Per Diem	.25	.25	32,500	32,500
Benefits			166,482	170,675
Operating			32,539	32,539
Travel				
Capital Outlay			17,500	
Aid				
Capital Improvements				
TOTAL	6.25	6.25	501,938	494,302