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 DATE PREPARED: February 26, 2014
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LB 713

Revision: 01

Revised for correction/clarafication

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB713 increases the amount available to banks, capital stock financial institutions or qualifying mutual financial institutions in time deposit open accounts (TDOA) from up to \$1 million to up to \$6 million.

The Nebraska Investment Council estimates a loss of interest earnings based on 1. The difference in interest earnings between the Operating Investment Pool (OIP) and the interest rate of the TDOA's, and 2. An estimate of the potential utilization by banks, capital stock financial institutions or qualifying mutual financial institutions.

There appears to be no way to accurately predict the potential utilization by banks, capital stock financial institutions or qualifying mutual financial institutions.

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

2014

LB⁽¹⁾ 713

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Investment Council

Prepared by: ⁽³⁾ Jeffrey States Date Prepared: ⁽⁴⁾ 1/15/2014 Phone: ⁽⁵⁾ 402-471-2001

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	-\$ 1.0 million	_____	-\$ 1.0million
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	-1.0 million	=====	-\$1.0 million

Explanation of Estimate:

No Fiscal Impact on the State Investment Officer's Cash Fund

There is a possible fiscal impact on the earnings of the Operating Investment Pool (OIP) which is the source of the funds which are invested by the State Investment Officer in the time deposit open account (TDOA). There are currently approximately 220 banks in Nebraska that could be eligible to request a time deposit under this program. If all of the Banks participated in the \$220 million could be invested in this program. Today the TDOA program is \$32.8 million and 65 banks participate. The earning difference between the OIP and the interest rate received on a TDOA deposit as of December 31, 2013 is approximately 1.5%. The OIP yield averages 1.923 % and the TDOA rate is 0.33%. For every additional \$1.0 million the lost in income provided to all of the collective cash funds included in the OIP would be \$15,000 per million. If all of the current 65 Banks requested the additional \$5.0 million we could utilize the entire \$220 million resulting in a loss in earnings of \$2.8 million. Given that the 65 banks participating are using about 40% of the deposit amount available to them the likely loss in income would be less than \$1.0 million.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____