

Updated to include additional agency fiscal notes

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2014-15</b>		<b>FY 2015-16</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
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.**

LB871 provides for the preparation of a fiscal note on a bill request draft at the request of a member of the Legislature. Once a request is submitted the process would be similar to preparation of fiscal notes on introduce bills as required by current legislative rules.

According to the Revisor of Statutes, there are approximately 50% more bill requests than actual bills introduced. Based on bill introductions in the 2013-2014 Legislature, that would be approximately 560 additional fiscal notes if there is a fiscal note request for each bill request in addition to the 1115 actual bill introductions. There could also be additional drafts if the results of the first fiscal note lead to changes in the draft legislation and a second request for a fiscal note.

The timing of the requests can be as significant as the number with respect to the fiscal impact. If the draft fiscal note requests occurred through the summer and fall, it would be more likely that the additional workload could be absorbed by existing staff. However if a large number of requests are submitted in a short period of time, compliance with the 10 day requirement (5 days for agencies) would be difficult to do with existing staff. Prior to a 90 day legislative session, half the Legislature is up for election which would likely concentrate most of the requests into the November and December time period. Also the 10 day requirement is significantly less than the existing legislative rules. Under the rules, fiscal notes on introduced bills must be completed at least 24 hours prior to the hearing. While some fiscal notes are required to be completed within 10 days, in a 90 day session, there could be up to 45-55 working days from the date of introduction of the bill to the hearing as the hearing schedule stretches over a 3 month period. This compressed schedule could potentially apply to not just the additional drafts but also to all the bill requests which subsequently are then introduced as bills.

In summary, the fiscal impact of this bill can vary significantly depending on the number of requests that are submitted and the timing of requests which cannot be predicted accurately. If there are only a few requests that occur throughout the summer and fall, there would be no additional costs. However, if a fiscal note request is submitted for 1,500 bill requests and all occur in a short period of time in December, there could be a substantial cost for additional staffing to handle the compressed workload. This would apply to not just the Legislative Fiscal Office but also the budget division of the Department of Administrative Services and a variety of state agencies who would be required to prepare a large number of fiscal notes.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 871	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Lyn Heaton		DATE: 1/29/2014	PHONE: <a href="tel:402.471.4181">402.471.4181</a>
COMMENTS: It is reasonable to assume that there will be some increased workload for the Department of Revenue, especially in light of the complex nature of tax policy, due to the requirement to conduct fiscal impact analysis of legislative bill request drafts during the interim period between legislative sessions. The amount of the additional workload is highly dependent on the number of requests, how often the bill request drafts are revised (which may initiate a new fiscal analysis request), the complexity of the legislative proposal, and other factors.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 871	AM:	AGENCY/POLT. SUB: Department of Insurance
REVIEWED BY: Lyn Heaton	DATE: 1/28/2014	PHONE: <a href="tel:402.471.4181">402.471.4181</a>
COMMENTS: It is reasonable to assume that there will be some increased workload for the Department of Insurance, as well as many other state agencies, boards, and commissions, due to the requirement for them to conduct fiscal impact analysis of legislative bill request drafts during the interim period between legislative sessions. The additional workload is highly dependent on the number of requests, how often the bill request drafts are revised (which may initiate a new fiscal analysis request), the complexity of the legislative proposal, and other factors.		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 871	AM:	AGENCY/POLT. SUB: Department of Labor
REVIEWED BY: Lyn Heaton	DATE: 1/28/2014	PHONE: <a href="tel:402.471.4181">402.471.4181</a>
COMMENTS: It is reasonable to assume that there will be some increased workload for the Department of Labor, as well as many other state agencies, boards, and commissions, due to the expectation for them to conduct fiscal impact analysis of legislative bill request drafts during the interim period between legislative sessions. The additional workload is highly dependent on the number of requests, how often the bill request drafts are revised (which may initiate a new fiscal analysis request), the complexity of the legislative proposal, and other factors.		

**State Agency Estimate**

State Agency Name: Department of Revenue Date Due LFA: 1/29/2014  
 Approved by: Kim Conroy Date Prepared: 1/28/2014 Phone: 471-5896

	<u>FY 2014-2015</u>		<u>FY 2015-2016</u>		<u>FY 2016-2017</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$157,700		\$143,800		\$147,100	
Cash Funds						
Federal Funds						
Other Funds						
<b>Total Funds</b>	<b>\$157,700</b>		<b>\$143,800</b>		<b>\$147,100</b>	

LB 871 requires the Legislative Fiscal Office of the Legislature (LFO) to prepare a fiscal note within 10 business days following a request by a state senator if the senator has filed a bill draft with the bill drafter's office. LFO may request a state agency to prepare a fiscal note within five days of the request.

The Department estimates a significant increase in the number of fiscal notes requested annually as a result of LB 871 and would require one additional FTE Revenue Economist and one additional FTE Attorney II.

**Major Objects of Expenditure**

<u>Class Code</u>	<u>Classification Title</u>	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>	<u>14-15</u>	<u>15-16</u>	<u>16-17</u>
		<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
A29511	Revenue Economist	1.0	1.0	1.0	\$ 54,800	\$ 56,000	\$ 57,300
A31112	Attorney II	1.0	1.0	1.0	\$ 51,000	\$ 52,100	\$ 53,300
Benefits.....					\$ 34,900	\$ 35,700	\$ 36,500
Operating Costs.....							
Travel.....							
Capital Outlay.....					\$17,000		
Aid.....							
Capital Improvements.....							
<b>Total.....</b>					<b>\$ 157,700</b>	<b>\$ 143,800</b>	<b>\$ 147,100</b>

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

**2014**

**LB<sup>(1)</sup> 871**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska Department of Insurance

Prepared by: <sup>(3)</sup> Krystle Ledvina Garcia

Date Prepared: <sup>(4)</sup> 1/28/2014

Phone: <sup>(5)</sup> (402) 471-4637

**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	\$65,500		\$65,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<u>\$65,500</u>	<u>0</u>	<u>\$65,000</u>	<u>0</u>

**Explanation of Estimate:**

LB871's impact will be determinate on how many state senators would request fiscal notes. Because no limitation or cap on the amount of requests exists in LB 871, the impact could be minimal or the impact could be significant depending on the number of requests made. There are forty-nine senators that all may have separate bill request drafts in progress at the same time. In addition, bill drafts often go through several revisions and this bill as proposed has no qualifying amount for how many fiscal notes a department would have to complete. Given the short time frame, collaboration, and research required to complete the fiscal notes, the Department anticipates that additional staff will need to be hired. An Attorney II currently collects information, reviews and researches bills, and discusses the impact with administrators within the affected departments. While new bills are being introduced, the majority of the attorney's time is spent researching, preparing, and revising fiscal notes. As the proposed bill allows a member of the Legislature to request an infinite number of fiscal notes from the Department at any time, these additional duties will necessitate the hiring of an additional Attorney II. While other divisions/staff are consulted regularly about the fiscal impact of potential legislation, the department did not include a fiscal impact for that review and analysis.

As this bill creates new duties imposed by the State, these costs are not chargeable to the insurers. As such, cash funds should not be used for these expenditures and appropriations should come from the general funds.

**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>
Attorney II	1	1	\$50,000	\$52,000
Benefits.....			\$13,000	\$13,000
Operating.....			\$2,500	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<u>\$65,500</u>	<u>\$65,000</u>

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

**2014**

**LB<sup>(1)</sup> 871**

**FISCAL  
NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Labor

Prepared by: <sup>(3)</sup> Debbie Kay Ward Date Prepared: <sup>(4)</sup> 1/24/2014 Phone: <sup>(5)</sup> 402-471-2492

**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	_____	_____	_____	_____
FEDERAL FUNDS	<u>36,073</u>	_____	<u>36,402</u>	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<u><u>36,073</u></u>	<u>_____</u>	<u><u>36,402</u></u>	<u>_____</u>

Explanation of Estimate: This legislative bill requires that fiscal notes can be requested year-round, not just while the legislature is in session, and fiscal notes must be returned on legislative bill request drafts within 5 business days. Due to this turnaround, the Department of Labor would not need any additional employees for the first 135 bills that are presented to the department but any bills over that amount will require the addition of a part-time Accountant II to work with the legislative fiscal analyst and will solely work on those various bills. Fiscal notes can be requested on legislative bill request drafts.

**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>
Accountant II	<u>0.25</u>	<u>0.25</u>	<u>9,428</u>	<u>9,640</u>
Benefits.....	_____	_____	<u>22,874</u>	<u>22,906</u>
Operating.....	_____	_____	<u>3,771</u>	<u>3,856</u>
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	<u><u>36,073</u></u>	<u><u>36,402</u></u>

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Steve Shively

Date Prepared:(4) 1-29-14

Phone: (5) 471-0676

	<b>FY 2014-2015</b>		<b>FY 2015-2016</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
<b>GENERAL FUNDS</b>	\$ 94,973		\$ 94,973	
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	\$ 94,973		\$ 94,973	

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

**Explanation of Estimate**

The fiscal impact to the Department of Health Human Services is \$94,973 for FY 14-15 and \$94,973 for FY 15-16. Implementation of this bill will require one Fiscal Project Analyst to review and revise, as necessary, fiscal note requests for draft bills presented by legislators.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	POSITION TITLE	NUMBER OF POSITIONS		2014-2015	2015-2016
		14-15	15-16	EXPENDITURES	EXPENDITURES
	DHHS Fiscal Project Analyst	1	1	\$ 48,119	\$ 48,119
	Benefits.....			\$ 16,842	\$ 16,842
	Operating.....			\$ 30,012	\$ 30,012
	Travel.....				
	Capital Outlay.....				
	Aid.....				
	Capital Improvements.....				
	<b>TOTAL.....</b>			<b>\$ 94,973</b>	<b>\$ 94,973</b>

LB<sup>(1)</sup> 871

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Administrative Services

Prepared by: <sup>(3)</sup> Lyn Heaton Date Prepared: <sup>(4)</sup> 1/28/2014 Phone: <sup>(5)</sup> (402) 471-4181

**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	<u>See Below</u>	<u>                    </u>	<u>See Below</u>	<u>                    </u>
CASH FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
FEDERAL FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
OTHER FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL FUNDS	<u>See Below</u>	<u>                    </u>	<u>See Below</u>	<u>                    </u>

**Explanation of Estimate:**

The bill provides that the Legislative Fiscal Analyst shall review any bill request draft submitted to it by a member of the Legislature, including during the interim period between legislative sessions, and prepare a fiscal note on the draft bill request. The Legislative Fiscal Analyst shall request that an affected department, other entity of state government or political subdivision prepare an agency fiscal note estimate of the impact of the bill draft within five business days. The bill further provides that Legislative Fiscal Analyst shall request a review of agency fiscal notes by the budget division of the Department of Administrative Services. The statement by the budget division shall be attached to and become part of the Legislative Fiscal Analyst’s fiscal note. The Legislative Fiscal Analyst shall deliver the fiscal note to the requesting member of the Legislature within ten business days after the member’s request.

The number of bill request drafts to be submitted for review and comment by the State Budget Division is not known. However, it is anticipated that additional analysis, review, and comment would be required to be performed by the State Budget Division on legislative bill request drafts of various proposed policy changes related to taxation, school finance, Medicaid, human services, education, business regulation, criminal justice, and other areas of current or proposed state law. The additional workload is dependent on the number, complexity, and timing of requests for fiscal notes on legislative bill request drafts.

Given the inability to predict the number and type of specific requests but also recognizing the probability that many legislative bill request drafts will be submitted by a member of the Legislature for fiscal analysis by the Legislative Fiscal Analyst, state agencies, political subdivisions, and State Budget Division, it is estimated that the requirements of LB 871 may require at least two additional analyst positions to conduct this additional work in a timely manner as proposed in LB 871. Two additional analyst positions and operating costs are estimated at \$157,126 in FY 2014-15 and \$153,126 in FY 2015-16.

The Legislative Fiscal Analyst may also require the Department of Administrative Services, separate from the requirements imposed upon the State Budget Division, to conduct analysis and prepare a fiscal note regarding legislative bill draft requests that impact the various divisions of the Department of Administrative Services. The number of requests to be submitted is unknown. Based upon current experience with legislation impacting the Department it is not anticipated to exceed the equivalent of 520 hours. This estimated cost is \$10,992 annually for salary and benefits.

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**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

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**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>
Budget Management Analyst II	2.0	2.0	\$105,779	\$105,779
Paralegal I	0.25	0.25	\$9,546	\$9,546
Benefits.....			\$45,793	\$45,793
Operating.....			\$3,000	\$3,000
Travel.....				
Capital outlay.....			\$4,000	
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>			<b>\$168,118</b>	<b>\$164,118</b>