

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	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.**

This bill would exempt certified independent contractors from the Nebraska Workers' Compensation Act. To become a certified independent contractor, a person submits an application to the Department of Labor (DOL), including a fee as determined by DOL.

DOL estimates the following costs to implement this bill:

ITEMS	FY2015-16	FY2016-17	FY2015-16	FY2016-17
	Number of Positions		Expenditures	
Labor Law Specialist	15.00	2.00	577,522	78,735
Staff Assistant I	2.00	1.00	57,755	29,528
Benefits			233,012	39,709
Operating			209,161	35,645
Travel			20,000	20,000
Capital Outlay			51,000	9,000
TOTAL	17.00	3.00	1,148,450	212,617

The Department of Labor (DOL) estimates 17,000 applications in the 1<sup>st</sup> year, and 2,300 applications per year in the following years.

DOL shows the costs as coming from the General Fund. The bill allows DOL to charge a fee, but there is nothing in the bill that creates a cash fund. Therefore, it is unclear whether these expenditures would be from the General Fund or from a cash fund.

The Workers' Compensation Court, Risk Management, and the city of Lincoln all estimate no fiscal impact from this bill.

The city of Omaha estimates a possible minimal savings from this bill.

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

**2015**

**LB<sup>(1)</sup> 276**

**FISCAL NOTE**

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

Nebraska Workers' Compensation Court

Prepared by: <sup>(3)</sup> Glenn Morton

Date Prepared: <sup>(4)</sup> 01/15/15

Phone: <sup>(5)</sup> 402-471-3602

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</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 is expected for the court as a result of LB 276 as currently drafted.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</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.

**2015**

**LB<sup>(1)</sup> 276 Revised**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Kim Schreiner Date Prepared: <sup>(4)</sup> 1-27-2015 Phone: <sup>(5)</sup> 402-471-2492

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

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>1,148,450.00</u>	<u>                    </u>	<u>212,617.00</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>
<b>TOTAL FUNDS</b>	<u><u>1,148,450.00</u></u>	<u><u>                    </u></u>	<u><u>212,617.00</u></u>	<u><u>                    </u></u>

It is NDOL's understanding that this legislation is based upon similar legislation from the state of Montana. The Montana Department of Labor informs NDOL that it receives 9,000-10,000 applications per year under its program and has 14 staff dedicated to the independent contractor certification information. Given that Nebraska has a significantly larger (83%) population than does Montana, it is assumed that Nebraska would initially have a higher workload for the program than does Montana.

However, Montana only issues certificates for a period of two years and LB 276 does not provide an end date for the exemption obtained. Consequently, in the second and subsequent years, the volume of applications should decline markedly. The degree of drop off in the second and subsequent years is unknown. It is estimated that there will be approximately 17,000 applications in the first year of implementation and the number of applications in subsequent years would be 2,300.

It is estimated that NDOL will be required to hire 15 labor law specialists and 2 staff assistants to operate this program in the first year and the fee would be set at a level necessary to pay the costs of administration. In subsequent years, it is estimated that the number of new applications would decline to an estimated 2,300 applications and an appropriate reduction in staff would occur.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Labor Law Specialist	<u>15</u>	<u>2</u>	<u>577,522.00</u>	<u>78,735.00</u>
Staff Assistant I	<u>2</u>	<u>1</u>	<u>57,755.00</u>	<u>29,528.00</u>
<b>Total Salaries</b>	<u>17</u>	<u>3</u>	<u>635,277.00</u>	<u>108,263.00</u>
Benefits.....			<u>233,012.00</u>	<u>39,709.00</u>
Operating.....			<u>209,161.00</u>	<u>35,645.00</u>
Travel.....			<u>20,000.00</u>	<u>20,000.00</u>
Capital outlay.....			<u>51,000.00</u>	<u>9,000.00</u>
Aid.....			<u>                    </u>	<u>                    </u>
Capital improvements.....			<u>                    </u>	<u>                    </u>
<b>TOTAL.....</b>			<u><u>1,148,450.00</u></u>	<u><u>212,617.00</u></u>

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

**2015**

**LB<sup>(1)</sup> 276**

**FISCAL  
NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Administrative Services – Risk Management

Prepared by: <sup>(3)</sup> Shannon M. Anderson Date Prepared: <sup>(4)</sup> January 15, 2015 Phone: <sup>(5)</sup> 402-471-4436

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

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**Explanation of Estimate:**

LB 276 would provide that an independent contractor could request certification and be exempt from the requirements to be covered under a policy of workers' compensation insurance pursuant to the Nebraska Workers' Compensation Act.

Currently, the State generally requires independent contractors to provide their own workers compensation coverage.

Therefore, this bill does not appear to have a potential fiscal impact because the State is not providing coverage today.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	_____	_____	_____	_____

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

2015

LB<sup>(1)</sup> 276

FISCAL NOTE

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

Prepared by: <sup>(3)</sup> Steve Hubka/Bill Kostner Date Prepared: <sup>(4)</sup> 1/21/15 Phone: <sup>(5)</sup> 402 441-7412

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</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>

Explanation of Estimate:

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	<u>0</u>	<u>0</u>

This bill has no fiscal impact to the City of Lincoln.

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**2015**

**LB<sup>(1)</sup> 276**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Sheri Larsen Date Prepared: <sup>(4)</sup> 01/23/2015 Phone: <sup>(5)</sup> 402-444-5477

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

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
<b>TOTAL FUNDS</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

**Explanation of Estimate:**

The fiscal impact of LB 276 on the City of Omaha would be minimal. The City could potentially see some savings if it is able to employ Certified Independent Contractors to perform work in situations where the City might otherwise employ workers in situations in which work comp coverage would otherwise be required by the Act.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>