

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(6,000)		(12,000)
CASH FUNDS	350,000	(3,000)		(6,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	350,000	(9,000)		(18,000)

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

LB 1121 changes provisions of the Nebraska Uniform Limited Liability Company Act and creates the Nebraska Uniform Protected Series Act.

The Nebraska Uniform Protected Series Act allows for the creation of a new type of limited liability company and the associated filings and information that would be reported.

The Department of Revenue does not know if income would be calculated for the entire LLC or with each series as a separate entity for tax purposes. The Department estimates no General Fund revenue impact and minimal costs to implement.

The Secretary of State would need to reprogram the business services filing system at an estimated cost of \$350,000. There is no basis to disagree with this estimate.

Based on the bill's provisions related to filing fees for the new types of filings, the Secretary of State estimated a slight reduction in General Fund, as well as Cash Fund, revenue. There is no basis to disagree with these estimated.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1121	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue	
REVIEWED BY: Ann Linneman	DATE: 2-1-18	PHONE: (402) 471-4180	
COMMENTS: No basis to disagree with the Nebraska Department of Revenue's assessment of fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1121	AM:	AGENCY/POLT. SUB: Nebraska Secretary of State's Office	
REVIEWED BY: Ann Linneman	DATE: 1-30-18	PHONE: (402) 471-4180	
COMMENTS: No basis to disagree with the Nebraska Secretary of State's Offices' assessment of fiscal impact.			

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2018

LB⁽¹⁾ 1121

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Secretary of State's Office

Prepared by: ⁽³⁾ Joyce Woofter Date Prepared: ⁽⁴⁾ 01/24/2018 Phone: ⁽⁵⁾ 402-471-2384

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS		(6,000)		(12,000)
CASH FUNDS	350,000	(3,000)		(6,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>350,000</u>	<u>(9,000)</u>		<u>(18,000)</u>

Explanation of Estimate:

LB 1121 amends the Nebraska Uniform Liability Company Act to allow series limited liability companies. The Secretary of State has identified the need to reprogram the Business Services Filing System to accommodate this new type of limited liability company (LLC) and the associated filings and information that will be reported. Our Vendor estimates the cost to make these enhancements would be \$350,000. This would be a one-time expense.

Adding this entity type would reduce the number of formation filings (\$105) and replace them with information filings (\$15). We estimate there would be around 100 entities impacted by this in FY 19 and 200 additional entities in FY20. Revenue for all these filings is deposited 2/3 to the General Fund and 1/3 to Corporations Cash Fund. The estimate for lost revenue in FY19 is \$9,000 and for FY20 is \$18,000.

Beginning in FY 21, there would be additional lost revenue, because there would be one biennial report filed for the series instead individual biennial reports. If there were 300 series LLC's in existence, that would be a reduction of \$3,000. These fees are also deposited 2/3 to the General Fund and 1/3 to the Cash Fund. As the number of protected series LLC's goes up, the potential for additional reduction in revenue increases.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19 EXPENDITURES</u>	<u>2019-20 EXPENDITURES</u>
	<u>18-19</u>	<u>19-20</u>		
Benefits.....				
Operating.....			350,000	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>350,000</u>	