

PREPARED BY: Samuel Malson  
 DATE PREPARED: February 18, 2019  
 PHONE: 402-471-0051

**LB 616**

Revision: 01

Update to reflect the adoption of amendments through April 18, 2019

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2019-20</b>		<b>FY 2020-21</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	(see below)		(see below)	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	(see below)		(see below)	

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

LB 616, as amended, provides that contracts let by the Department of Transportation (DOT) will be not subject to the payment provisions currently found at R.R.S. 39-1349(1) if the contracts are structured in a manner where payment is made according to a set schedule over a period of time that extends beyond the completion of construction.

The fiscal impact is indeterminate as the number of projects which may have a contract structured in a manner where the exclusion would be applicable is not known. However, the exclusion by virtue would provide for cost avoidance (interest payments).

The DOT provided a revised fiscal note for AM203, which was identical to the adopted amendment (AM442). Because the amendments were identical the revised fiscal note provided is still pertinent. The agency has indicated the bill may allow for cost avoidance savings.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 616	AM: 203	AGENCY/POLT. SUB: Department of Transportation	
REVIEWED BY: Lee Will	DATE: 2/21/2019	PHONE: (402) 471-4175	
COMMENTS: The Department of Transportation assessment of fiscal impact seems reasonable given the assumptions used.			

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

**2019**

**LB<sup>(1)</sup> 616 AM 203**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Becky Fleming Date Prepared: <sup>(4)</sup> 2/19/19 Phone: <sup>(5)</sup> 402-479-4692

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

	<u>FY 2019-20</u>		<u>FY 2020-21</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:**

LB616 AM203 adds subsection 3 to State Statute 39-1349 to read that subsection 2 (which refers to the payment of interest to a contractor) shall not apply to contracts which provide for payment pursuant to a set schedule over a period of time that extends beyond the completion of construction.

The exception provided by the bill would allow for interest cost avoidance savings on any construction contract where the extended payment schedule is included. Any cost avoidance savings will depend on the specific provisions of the construction contract on which the authority is used, including the details of the payment schedule and the rate calculated pursuant to section 39-1349.

This exception is anticipated to allow the Dept. to deliver, under special and unique circumstances, very large projects into the program in a reasonable time frame which would otherwise not be possible.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</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>