

Revised based on amendments adopted through 3/1/2019

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	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.

Current law requires specified financial institutions that accept deposits by the State of Nebraska or its political subdivisions, which exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC), to pledge collateral to secure such excess amounts. LB622 would provide for a mechanism (single bank pooled method) whereby such collateral could be based on the total of such public deposits accepted by a financial institution as opposed to pledging collateral individually for each relevant public entity's deposit account(s).

As amended, the bill would require the director of the Department of Banking and Finance (Department) to designate a bank, savings association, trust company or other qualified firm, corporation, or association authorized to transact business in Nebraska, to serve as the administrator of the alternative single bank pooled method for securing deposits of public funds. Fees and expenses of such administrator are to be paid by financial institutions utilizing the single bank pooled method for securing public fund deposits.

In implementing the legislation, the Department indicates it would incur workload in promulgating rules, issuing orders, and in developing a request for information (RFI) and a request for proposals (RFP) to support selection of the administrator referenced above. The Department indicates that an electronic process for monitoring the functions of the single bank pooled method administrator will need to be developed to facilitate ongoing oversight by the agency. The Department anticipates that costs of development of the electronic monitoring system will be borne by the entity selected as the administrator of the single bank pooled method for securing public fund deposits. The Department also estimates that workload associated with monitoring the functions of the single bank pooled method administrator can be supported within existing budget resources of the agency.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 622	AM: 225	AGENCY/POLT. SUB: Department of Banking & Finance	
REVIEWED BY: Neil Sullivan		DATE: 2/28/2019	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Banking & Finance estimate of no fiscal impact from LB 622 as amended by AM 225.			

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

2019

LB⁽¹⁾ 622, AM225 Amended

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Banking & Finance

Prepared by: ⁽³⁾ Margo Sawyer Date Prepared: ⁽⁴⁾ 2/28/19 Phone: ⁽⁵⁾ 471-4954

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	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 622 amends the Public Funds Deposit Security Act to provide for pooled collateral.

AM 225 to LB 622 requires the Department of Banking and Finance to designate a bank, savings association, trust company, or other qualified firm, corporation, or association authorized to transact business in Nebraska, to serve as Administrator of "the single bank pooled method," securing the deposit of public money or public funds. Because of the amendment, the Department will not have the option of retaining the duties assigned by the original bill.

The Department will be required to promulgate rules, issue orders and develop standards as well as create a RFI and a RFP for selection of the third party administrator, and develop operational procedures and reports, including applications and forms. In addition, the Department must develop an electronic process for ongoing monitoring of the third party administrator and the safety of the public funds. It is anticipated that all costs of development will be borne by the administrator.

Department believes it will be able to absorb the costs of monitoring from existing resources. The fiscal note is therefore amended to remove any of the previous costs estimated.

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.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____