

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

Updated for the 2022 Session. Includes any amendments adopted to-date.

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2022-23		FY 2023-24	
	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, as amended by AM1268, would change immunity for intentional torts under the Political Subdivisions Tort Claims Act and the State Tort Claims Act.

DAS Risk Management states that this bill will create a fiscal impact, but the amount is unknown.

Douglas County estimates significant unanticipated legal costs from the loss of immunity from this bill as amended by AM1268.

Lancaster County has contacted the Fiscal Office and stated that AM1268 does not affect their previous analysis, in which they estimated one claim per year at a cost of \$250,000 per year. This amount is the county's self-insured retention amount per claim, including defense costs. Because this bill expands claims allowed under the Political Subdivisions Tort Claims Act, it is not unreasonable to assume that Lancaster County could incur additional costs. There is no basis to disagree with this estimate.

The City of Lincoln states that this bill could create a fiscal impact, but notes it is difficult to quantify an amount.

In 2021, the Attorney General (AG) estimated that the bill, as amended by AM1268, will increase cases litigated and therefore, they will require an additional assistant attorney general plus related costs of \$157,300 in FY22 and \$159,028 in FY23.

LFO has been informed that this bill attempts to return the law back to the way it was before a September 2020 Supreme Court decision. Biennial Budget Requests are submitted by September 15, 2020. Therefore, the AG had the staff for the law the way it was prior to the Court decision. Since this bill attempts to return the law to the way it was before the Court decision, the AG should not require any additional staff.

In 2021, the following responses were received to the introduced copy of this bill:

The City of Imperial estimates no fiscal impact from this bill.

The City of Omaha estimates significant but undetermined costs.

If responses are received to AM1268 from any of the above entities, this fiscal note may be updated.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 54	AM: 1268	AGENCY/POLT. SUB: Dept. of Administrative Services (DAS)	
REVIEWED BY: Kimberly Burns	DATE: 12/13/2021	PHONE: (402) 471-4171	
COMMENTS: No basis to disagree with the Department of Administrative Services' assessment of indeterminate fiscal impact as a result of AM 1268 on LB 54.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 54	AM: 1268	AGENCY/POLT. SUB: Douglas County
REVIEWED BY: Kimberly Burns	DATE: 12/13/2021	PHONE: (402) 471-4171
COMMENTS: No basis to dispute Douglas County's estimate of indeterminate fiscal impact to the county as a result of AM 1268 on LB 54.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 54	AM:	AGENCY/POLT. SUB: Lancaster County
REVIEWED BY: Neil Sullivan	DATE: 1/19/2021	PHONE: (402) 471-4179
COMMENTS: The Lancaster County assessment of fiscal impact from LB 54 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 54	AM: 1268	AGENCY/POLT. SUB: City of Lincoln
REVIEWED BY: Kimberly Burns	DATE: 12/13/2021	PHONE: (402) 471-4171
COMMENTS: No basis to dispute the City of Lincoln's estimate of indeterminate fiscal impact to the city as a result of AM 1268 on LB 54.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 54	AM: 1268	AGENCY/POLT. SUB: Attorney General
REVIEWED BY: Neil Sullivan	DATE: 5/11/2021	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Attorney General assessment of fiscal impact from LB 54 as amended by AM 1268.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 54	AM:	AGENCY/POLT. SUB: City of Imperial
REVIEWED BY: Neil Sullivan	DATE: 2/5/2021	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the City of Imperial assessment of no fiscal impact from LB 54.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 54	AM:	AGENCY/POLT. SUB: City of Omaha
REVIEWED BY: Neil Sullivan	DATE: 2/19/2021	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the City of Omaha assessment of indeterminate fiscal impact from LB 54.		

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

2022

LB⁽¹⁾ 54 AM 1268

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Dept of Administrative Services (DAS) – Risk Management Division

Prepared by: ⁽³⁾ Allen D. Simpson Date Prepared: ⁽⁴⁾ 11/16/2021 Phone: ⁽⁵⁾ 402-471-4436

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</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 54 AM 1268 proposes to allow tort claims against the state that that are the result of an intention tort being caused by the state’s failure to exercise reasonable care to either control a person over whom it has taken charge or protect a person who is in the state agency’s care, custody, or control from harm caused by a non-employee actor. These claims are currently excluded. As a result, there is the potential for an increase in the number of tort claims filed each year and an increase in the amount of staff time needed to process such claims.

Over the course of the past year, there have been several claims filed under the State Tort Claims Act based upon similar allegations. As the statute is currently written, these claims were denied. The 2017 tort claim in *Moser v. State*, 307 Neb. 18, 948 N.W.2d 194 (2020), alone was for \$10,000,000. During the last year there were at least six tort claims valued at \$1,000,350,000 that could have been affected by this statutory change. By allowing this type of claim pursuant to the State Tort Claims Act, it is foreseeable that there will be additional claims and payments against the State. These claims would be paid by available agency funds or General Funds.

The bill will create a fiscal impact, however such impact is unknown.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</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.

2022

LB54/AM1268⁽¹⁾ Change immunity for intentional torts under the Political Subdivisions Tort Claims Act and the State Tort Claims Act

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

DOUGLAS COUNTY, NEBRASKA

Prepared by: ⁽³⁾ Marcos San Martin,
County Administration

Date Prepared: ⁽⁴⁾ 2/12/2021
5/13/2021
11/17/2021

Phone: ⁽⁵⁾ 402.444.5116

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Explanation of Estimate:

5/13/2021, 11/17/2021: AM1268 DOES NOT CHANGE THE ORIGINAL LB54 FISCAL NOTE (SHOWN BELOW)

2/12/21: NEGATIVE (DETRIMENTAL) FISCAL IMPACT TO DOUGLAS COUNTY

The provisions of LB54 expand the legal exposure to counties by revising the Political Subdivision Tort Claims Act (PSTCA). As a consequence of LB54, counties may experience additional significant unanticipated legal costs stemming from the loss of a political subdivision's immunity from suit for negligence claims arising out of intentional ('bad-actor') torts committed by non-employees engaging / acting in independent, unjustified and wrongful acts.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2021

LB⁽¹⁾ 54

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ County of Lancaster

Prepared by: ⁽³⁾ David A. Derbin, Chief Administrative Officer Date Prepared: ⁽⁴⁾ 1/8/2021 Phone: ⁽⁵⁾ 402-441-7447

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$250,000	0	\$250,000	0
CASH FUNDS	0	0	0	0
FEDERAL FUNDS	0	0	0	0
OTHER FUNDS	0	0	0	0
TOTAL FUNDS	\$250,000	0	\$250,000	0

Explanation of Estimate: LB54 amends Section 13-910(7) by excepting the following claims from the sovereign immunity of political subdivisions: claims arising out of an act that is the direct result of the negligent failure of a political subdivision or an employee of a political subdivision to protect a person to whom the political subdivision or employee owes a duty of care. To the extent LB54 removes sovereign immunity under existing Section 13-910(7) for such claims, the cap on liability that may accrue to the political subdivision is one million dollars for any person for any number of claims arising out of a single occurrence; and five million dollars for all claims arising out of a single occurrence. *See* Neb. Rev. Stat. § 13-926. If the County's excess liability insurance carrier happens to respond to these claims, then the financial impact per claim would be up to the limit of the County's \$250,000 self-insured retention amount per claim, including defense costs. Due to the novelty of these potential claims and the likelihood that immunity has prevented such claims from ever being filed in the first instance, we conservatively anticipate one such claim per year and would anticipate potential expenditures of up to \$250,000 in payouts and defense costs per claim per year.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22 EXPENDITURES</u>	<u>2022-23 EXPENDITURES</u>
	<u>21-22</u>	<u>22-23</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2022

LB⁽¹⁾ 54 AM1268

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Lincoln

Prepared by: ⁽³⁾ Claire Oglesby Date Prepared: ⁽⁴⁾ 12/10/21 Phone: ⁽⁵⁾ 402-441-8301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2022-23</u>		<u>FY 2023-24</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:

LB54 AM1268 would change the immunity for intentional torts under the Political Subdivisions Tort Claims Act. The City of Lincoln may have additional legal costs and additional claims and payments. It is difficult to quantify the amount, but this bill could create a negative fiscal impact to the City of Lincoln.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2022-23</u>	<u>2023-24</u>
	<u>22-23</u>	<u>23-24</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.

2021

LB⁽¹⁾ 54, AM1268

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Attorney General

Prepared by: ⁽³⁾ Josh Shasserre Date Prepared: ⁽⁴⁾ 5-11-21 Phone: ⁽⁵⁾ 402-471-2687

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>157,300.</u>	<u> </u>	<u>159,028.</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>157,300.</u>	<u> </u>	<u>159,028.</u>	<u> </u>

Explanation of Estimate:

LB 54 will increase the number of cases litigated through trial under the State Tort Claims Act. This increase in caseload and time spent on each case will necessitate the addition of at least one assistant attorney general and require additional litigation costs.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Assistant Attorney General	<u>1.0</u>	<u>1.0</u>	<u>75,000.</u>	<u>76,500.</u>
Benefits.....			<u>32,300.</u>	<u>32,528.</u>
Operating.....			<u>50,000.</u>	<u>50,000.</u>
Travel.....			<u> </u>	<u> </u>
Capital outlay.....			<u> </u>	<u> </u>
Aid.....			<u> </u>	<u> </u>
Capital improvements.....			<u> </u>	<u> </u>
TOTAL.....			<u>157,300.</u>	<u>159,028.</u>

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2021

LB⁽¹⁾ 54

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Imperial

Prepared by: ⁽³⁾ Jo Leyland Date Prepared: ⁽⁴⁾ 01-11-2021 Phone: ⁽⁵⁾ 308-882-4368

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</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.

2021

LB⁽¹⁾ 54

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Omaha

Prepared by: ⁽³⁾ Tyler Leimer Date Prepared: ⁽⁴⁾ 2/19/2021 Phone: ⁽⁵⁾ (402) 444-4514

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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 54 would expand the legal exposure to the City of Omaha by revising the Political Subdivision Tort Claims Act. The City of Omaha may experience significant unanticipated legal costs from the loss of a political subdivision's immunity from suit for negligence claims arising out of intentional torts committed by non-employees engaging in wrongful acts. The fiscal impact is hard to quantify however would likely be negative and not in the City of Omaha's favor.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____