

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	\$100,000	See Below		See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$100,000	See Below		See Below

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

LB 572 would create background feedlots as a distinctive feedlot class subject to separate fines and fees, allow for the Brand Committee to implement electronic identifications (EID), charge the Brand Committee with creating a report on the implementation of an EID system, and would make modifications to the Brand Committee’s fee structure.

The Brand Committee’s fee structure as it currently stands is as follows:

- Recording fee: Not more than \$100
- Recording an instrument: Not more than \$40
- Filing fee: Not more than \$100
- Researching documents fee: \$12/hr - \$20/hr
- Recorded Brand Renewal Fee: Not more than \$50
- Annual renewal fee: Not more than \$15
- Expired brand penalty: \$5/mo
- Travel surcharge: Not more than \$20
- Outside brand area travel: DAS hourly rate, not more than \$30/hr
- Out of state brand permit: Not more than \$50
- Inspection fee: Not more than \$1.10/head
- Initial feedlot fee: \$1000 for each 1,000 head plus \$250 for each increment above the 1,000 head total of the one-time capacity of lot(s) to be registered.

The initial feedlot fee is a reflection of what the Brand Committee currently enforces. The statute language states, “The initial fee for a registered feedlot shall be an amount for a registered feedlot having one thousand head or less capacity and an equal amount for each additional one thousand head capacity, or part thereof, of such registered feedlot. For each subsequent year, the renewal fee for a registered feedlot shall be an amount for the first one thousand head or portion thereof of average annual inventory of cattle on feed of the registered feedlot and an equal amount for each additional one thousand head or portion thereof of average annual inventory of cattle on feed of the registered feedlot. The brand committee shall set the fee per one thousand head capacity or average annual inventory so as to correspond with the inspection fee provided under section 54-1,108. The registration fee shall be paid on an annual basis.”

The legislation would change the fees to reflect the following schedule:

- Recording fee: Not more than \$150
- Research fee on applications: Not more than \$50
- Researching documents fee: \$20 - \$40/hr
- Recorded Brand Renewal Fee: Not more than \$200
- Annual renewal fee: Not more than \$50

- Travel: Mileage to be paid by the party requesting inspection at DAS mileage rates
- Inspection fee: Not more than \$.95 until 6/30/2023, not more than \$1.50 per head beginning 7/1/2023
- Late notice surcharge: \$50
- EID inspection fee: Not more than \$.95 until 6/30/2023, not more than \$1.50 per head beginning 7/1/2023
- Annual audit fee for registered feedlots: \$250 + an annual audit fee that is 50% of the amount calculated by multiplying the per head inspection fee by the capacity of the registered feedlot rounded up to the nearest 1,000 head capacity.

LB572 allows for an increase on most fees with a decrease in inspection and a shift of the travel reimbursement to parties requesting inspection. Without knowing the average distance travelled for a brand inspector, it is difficult to estimate whether the elimination of the travel surcharge in favor of travel paid by the party requesting inspection at DAS travel reimbursement rates will generate more or less revenue. At \$.575 per mile, the break-even point for a \$20 travel surcharge is 34.78 miles, if the average distance a brand inspector currently travels is greater than that then revenues will increase, if not then revenues will decrease. Though estimates are difficult, it is reasonable to assume that the new travel fee will allow for travel revenues to more evenly match travel expenses. Travel accounts for up to 11% of the agency's expenses.

LB572 allows The Brand Committee to increase most of its fees, however the final fee issued is contingent upon the discretion of the Director of the Brand Committee. Assuming the Director uses the full authority granted by LB572, we estimate fees associated with new brand recordings could increase by an additional \$37,717.56/year. The revenue from brand renewal could quadruple, we estimate revenues could increase an additional \$1,040,659.92/year. Inspection revenue could decrease \$86,000/year from the decrease of \$1 to \$.95/head inspection. Accounting for the backgrounder feedlots, we anticipate an additional revenue loss of \$132,000/year. It is difficult to assess the impact of the addition of a late notice surcharge of \$50 as this would be a new fee. Leaving aside the travel adjustment and the late notice surcharge, we estimate that revenue could increase by \$650,000 - assuming that the fee schedule is used to its maximum allotment.

LB572 would mandate the Brand Committee submit a report to the Legislature on or before December 1, 2021 regarding the implementation of an electronic inspection system. It is assumed that the Brand Committee will utilize a contractor for this work, which could incur a cost of up to \$100,000.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 572	AM:	AGENCY/POLT. SUB: Nebraska Brand Committee
REVIEWED BY: Claire Oglesby	DATE: 2/3/21	PHONE: (402) 471-4174
COMMENTS: The expenditures in the fiscal note are the projected expenditures which were submitted for the FY2021-23 Biennium Budget Request. Based on the assumptions provided there would not be an increase in expenditures from LB572. There would be a shift in fees and possibly an increase in revenue.		

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**2021**

**LB<sup>(1)</sup> 572**

**FISCAL NOTE**

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

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**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	<u>\$5,854,615.00</u>	<u>\$5,920,067.00</u>	<u>\$5,904,911.00</u>	<u>\$5,927,452.00</u>
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$5,854,615.00</u>	<u>\$5,920,067.00</u>	<u>\$5,904,911.00</u>	<u>\$5,927,452.00</u>

**Explanation of Estimate:**

All Revenue is based on the new fee schedule caps proposed in this bill using head counts from previous year. The only fee's reduced was the .95 cent per head inspection fee instead of the current \$1.00 per head and the RFL audit fee being @ 50% of Inspection Fee. Expenditures are based on the actual expenses projected for the agency and based off the 2021-2023 budget request.

**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>
Full Time Brand Inspectors/Admin	<u>56</u>	<u>56</u>	<u>\$3,039,024.00</u>	<u>\$3,097,843.00</u>
Intermittent Inspectors	<u>24</u>	<u>24</u>	<u>\$365,000.00</u>	<u>\$365,000.00</u>
Benefits.....			<u>\$1,197,620.00</u>	<u>\$1,249,097.00</u>
Operating.....			<u>\$781,498.00</u>	<u>\$721,498.00</u>
Travel.....			<u>\$471,473.00</u>	<u>\$471,473.00</u>
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$5,854,615.00</u>	<u>\$5,904,911.00</u>