

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	9,800	18,800	9,800	800
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	9,800	18,800	9,800	800

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB553 amends provisions of the Delayed Deposit Services (DDS) Act. The bill requires creation of a database to facilitate compliance by licensees with provisions of the act and directs the Department of Banking and Finance (Department) to contract with a third-party provider on or before January 1, 2014 for the development, implementation, and maintenance of the data base.

The bill authorizes the Department to assess a \$100 data base fee for new DDS license applicants and a \$100 fee to accompany applications to change the location of a DDS licensee's principal place of business or to establish a DDS branch office. The Department indicates that over the course of calendar years 2009 and 2010, a total of 15 such applications were filed. Accordingly, the Department estimates these fees would generate \$1,500 of new fee revenue over the 2011-13 biennium.

LB553 also authorizes the Department to assess each DDS licensee and each DDS branch office a data base fee not to exceed \$100 to defray the costs of establishing the data base required by the bill. The Department indicates that such a fee would currently be applicable to 117 DDS licensees and 64 DDS branch offices. Correspondingly, the Department estimates this fee could generate \$18,100 at the maximum authorized fee rate.

Summary of estimated Department of Banking and Finance Cash Fund revenue impacts – LB553:

	Total	In Table Above*	
		2011-12	2012-13
DDS new license / change of location / establish branch (15 applications x \$100 fee)	\$ 1,500	700	800
Existing DDS licensees and branch offices (117 + 64 = 181 x \$100 maximum fee)	18,100	18,100	0
	\$19,600	18,800	800

* Timing of cash flows may vary over biennium

As provided by the bill, revenue generated by fees newly authorized by LB553 would be available to be expended to defray costs relating to review and negotiation of contracts for and coordinating implementation of a data base to be operated by a third-party provider. The Department estimates expenditure of related fee revenue evenly over each year of the 2011-13 biennium (i.e. \$9,800 expended in 2011-12 and \$9,800 expended in 2012-13). The fees newly authorized by LB553 and costs associated with contract negotiation and data base implementation are one-time in nature. The Department's estimates of associated revenue and related expenditures appear reasonable. If LB553 were to be enacted, the Department effectively indicates that continuing costs associated with monitoring the third-party operated data base and licensee compliance with provisions of the Delayed Deposit Services Act (as amended by LB553) would be accommodated within the agency's existing budget resources.

LB553 authorizes a third-party data base provider to impose a data base verification fee, not to exceed \$1.00 per transaction, for data required to be submitted by a DDS licensee. The bill also authorizes a temporary additional licensing fee of 50¢ per transaction to be paid by licensees for the first twelve months that the data base is operational. Related fees are to be collected by the third-party data base provider for the costs of establishing the data base and then entering, accessing, and verifying data to support compliance with provisions of the Delayed Deposit Services Act. Related fee payments and collection are apparently to be a direct exchange between DDS licensees and the third-party data base provider and are not reflected among impacts to the Department noted above.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Gary Bush	DATE 1/27/11	PHONE 471-2526
COMMENTS			
DEPARTMENT OF BANKING AND FINANCE: Concur.			

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

LB⁽¹⁾ 553 FISCAL NOTE

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

Prepared by: (3) Margo Sawyer Date Prepared: (4) 1/26/11 Phone: (5) 471-4954

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2011-2012		FY 2012-2013	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	9,800	18,850	9,800	750
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	9,800	18,850*	9,800	750

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

The Department is to select and contract with a third-party data base provider to develop, implement and maintain a data base of all real-time delayed deposit customer transactions in Nebraska. Establishing a data base that meets the requirements of the bill would require review and negotiation of contracts and coordination of implementation, functions best met by use of contractual services. A one-time fee of up to \$100 fee could be assessed on each delayed deposit licensee and branch office to defray the Department's costs in vendor selection and contracting, and coordinating implementation of the data base (Section 8). There are currently 117 delayed deposit service licensees and 64 branches, which would generate \$18,100 in revenues.

During the implementation period, LB 553 also assesses a \$100 fee for new license applicants (Section 2) and a \$100 fee on licensees applying to move an office or establish a branch (Section 3). During calendar years 2009 and 2010, the Department processed a total of 15 such applications. The Department estimates the same number of applications for the next two years, which would generate \$1,500 in revenues.

When the data base is operational, verification and per-transaction data base fees will be paid directly to the third-party provider (Sections 7, 8, 11). Department costs associated with monitoring the data base and licensee compliance will be absorbed by the Department.

*Revenues could be collected over two fiscal years in the 2012 – 2013 biennium.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES: POSITION TITLE	NUMBER OF POSITIONS		2011-2012	2012-2013
	11-12	12-13	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			9,800	9,800
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			9,800	9,800