

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

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

LB 354 provides that on January 1, 2014, the Nebraska Corn Development, Utilization and Marketing Board would be declared a body politic and corporate and an independent instrumentality exercising essential public functions. The entity would be renamed the Nebraska Corn Promotion Board. The assessment placed upon all corn marketed in Nebraska would be collected by the Department of Agriculture and deposited in a state fund known as the Nebraska Corn Promotion Fund. The Nebraska Corn Promotion Board would then be authorized to expend funds out to a private account established by the board to carry out provisions of the act.

Because LB 354 does not modify the amount of the corn assessment currently established in law, it is estimated there would not be a significant change in the revenue deposited and expended out of a state cash fund. Expenditures from the cash fund in FY13-14 are estimated to be \$7,204,818. It would still be necessary to have a cash fund appropriation in place to expend the money out to the Nebraska Corn Promotion Board account. In addition, because the Department of Agriculture currently collects the corn assessment and is reimbursed by the board, it is estimated that collection expenses and reimbursements would not differ significantly.

Assuming that the balance existing in the Corn Development, Utilization, Development and Marketing Cash Fund (the existing cash fund) would be transferred to the Nebraska Corn Promotion Fund and expended out to the Nebraska Corn Promotion Board after all financial obligations are paid out, there would be an additional expenditure of approximately \$1,700,000. It is estimated that this expenditure would occur in FY13-14.

There may be additional staff time needed in the Department of Agriculture and the Department of Administrative Services to address the financial and accounting details necessary to complete the transition. It is estimated that existing staff would carry out this function.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>		
LB: 354	AM:	AGENCY/POLT. SUB: Department of Agriculture
REVIEWED BY: David Spatz	DATE: February 1, 2013	PHONE: 471-4179
COMMENTS: Concur with Department of Agriculture's analysis of the bill.		

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>		
LB: 354	AM:	AGENCY/POLT. SUB: Nebraska Corn Board
REVIEWED BY: David Spatz	DATE: January 30, 2013	PHONE: 471-4179
COMMENTS:		
LB354 creates and designates the Corn Promotion Board as a "body politic and corporate . . ." and declares that "the board shall not be considered a state agency." Consequently it removes legislative oversight and controls over the Corn Board that are placed upon all executive branch agencies, including constitutional officers, through appropriations, laws, and rules regarding employee compensation (salaries and benefits), procurement and contracts, and other uses of state tax receipts and other monies by elected and appointed public officials.		
Continued...		

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES

LB: 354 AM: AGENCY/POLT. SUB: Nebraska Corn Board

REVIEWED BY: David Spatz DATE: January 30, 2013 PHONE: 471-4179

The fiscal note submitted by the Nebraska Corn Board does not identify the increased costs and spending that will result from the removal of legislative oversight and the removal of other laws and rules governing the use of state tax receipts and other public monies to be used by the newly created Corn Promotion Board, its director and employees. Absent a disclosure of the intention, plans, or specific decisions to be made by the current and proposed Board it is not possible to quantify the amount of the additional costs and spending that will occur with the removal of legislative and the removal of executive oversight proposed by LB354. LB354 proposes an election process among corn growers of corn growers to determine membership on the Corn Promotion Board. Members are currently appointed by the Governor. The proposed process will add costs to determine and maintain membership of the new Board. LB354 provides for an increase in the per diem compensation of Board members as determined by the Board itself up to \$100. This will also add cost.

LB354 imposes a "state assessment" of five-tenths cent per bushel upon all corn marketed in this state. The Corn Promotion Board may call a special referendum of growers to increase the "state assessment" enacted by the Legislature up to one cent per bushel. A referendum to increase the Legislature's determined "state assessment" will add costs and if approved would result in increased revenue to be spent by the Board.

Technical Note:

Section 3 of LB354 creates the Corn Board as an independent instrumentality and further states that the Board shall not be considered a state agency. LB354 imposes a "state assessment", places the proceeds in the State Treasury and requires the proceeds to be invested by the State Investment Officer. LB354 further authorizes the Corn Promotion Board, as an independent instrumentality to expend monies out of the State Treasury. There may be legal impediments or consequences unknown to the State Budget Division regarding a non-state government independent instrumentality taxing, expending, and using the State Investment Officer, State Treasury and state accounting system that could have significant fiscal implications.

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

**2013**

**LB<sup>(1)</sup> 354 FISCAL NOTE**

State Agency OR Political Subdivision Name: (2) Nebraska Corn Board

Prepared by: (3) Don Hutchens Date Prepared: (4) 1-29-13 Phone: (5) 402-471-2676

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

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	\$1,700,000	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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

Explanation of Estimate:

As of January 1, 2014, the cash on hand in Agency #88, Fund #21890, will need the authority and/or appropriation created to expend these dollars to the Nebraska Corn Promotion Board.

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</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.

**2013**

**LB<sup>(1)</sup> 354 FISCAL NOTE**

State Agency OR Political Subdivision Name: (2) Department of Agriculture

Prepared by: (3) Robert Storant Date Prepared: (4) 1/30/13 Phone: (5) 402-471-6821

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

	<u>FY 2013-14</u>		<u>FY 2014-15</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>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

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

Explanation of Estimate:

LB 354 adopts the Nebraska Corn Promotion Act. As of January, 2014 the current Corn Development, Utilization, and Marketing Board (Agency 088), shall become an independent instrumentality exercising essential public functions to be known as the Nebraska Corn Promotion Board. The board shall not be considered a state agency. Also, the bill would provide for election of future board members and provide the new entity the authority to increase board per diem up to one hundred dollars.

The board may enter into a contract with the Department of Agriculture for the collection of the state assessment on corn marketed in Nebraska. In addition, the bill would make the assessment refundable which would be an additional cost to administer. Funds shall be deposited with the State Treasurer into the Nebraska Corn Promotion Fund. The board may expend the funds to an account established by the board into a qualified financial institution. It appears it will be necessary to continue to have a State agency designation or legislate another State agency to receive and expend funds. Due to the permissive language it is unknown what role, if any, the Department of Agriculture would have in administering any part of the act.

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14 EXPENDITURES</u>	<u>2014-15 EXPENDITURES</u>
	<u>13-14</u>	<u>14-15</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>