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DATE PREPARED: February 23, 2007
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LB 124

Revision: 01

FISCAL NOTE

Revised based on amendments adopted through 2/21/07

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below	44,570		80,100
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

Among its provisions, LB124 amends elements of current law concerning asset assessments levied by the Department of Banking and Finance upon state-chartered and licensed financial institutions. The bill would authorize proration of the asset assessments based upon the number of months during an assessment period during which a financial institution held a state charter or license. This provision would apparently allow for rebate of a portion of an assessment paid by an institution that surrenders its charter or license during the assessment period. Conversely, this provision would apparently allow for a partial year assessment for institutions that secure a state charter or license during an assessment period after asset assessments for the period have been assessed. The Department estimates related revenue lost as the result of prorating assessments for institutions surrendering charters or licenses during the course of an assessment period would be generally offset by revenue gains associated with prorated assessments for institutions securing charters or licenses during an assessment period. The Department's estimate in this regard appears reasonable.

LB124 would also authorize the Department of Banking and Finance discretion to levy fines for failure by financial institutions to pay specified assessments and fees. The Department indicates that related payment non-compliance rates are low and estimates related fine revenue that may result from the discretionary authority granted by the bill to be minimal.

LB124 would also change the mortgage banker license renewal period to the calendar year. Currently, the license period is March 1 through the succeeding February. The bill provides for a proration of the $200 license fee to a 10-month period. The annual fee to be collected March 1, 2008 (fiscal year 2007-08) is to be ten-twelfths of the $200 annual level. The Department of Banking and Finance estimates a one-time reduction in related license revenue for 2007-08 in the amount of $22,780. The estimate appears reasonable.

The bill also authorizes a mortgage banker branch office fee of $75. The Department estimates the fee would generate additional revenue at a minimum of $62,250 for 2007-08 and $75,000 for 2008-09 and fiscal years thereafter. The estimate appears reasonable. The Department also estimates that nominal expenses would be incurred to process initial branch office licenses.

The bill authorizes a $200 filing fee associated with proposals for change of control of mortgage banking businesses. The Department estimates an average of two such changes of control proposals monthly and, as such, estimates an annual increase of $4,800 in related revenue. The estimate appears reasonable.

Summary of estimated cash fund revenue impacts of mortgage banker changes:

	2007-08	2008-09
Change of mortgage banker license renewal period:	-22,780	0
Mortgage banker branch office fee:	62,250	75,000
Mortgage banker change of control fee:	4,800	4,800
	44,270	79,800

LB124 provides that a state-licensed installment loan company is to submit a fee of $150 to the Department of Banking and Finance at the time such a company files an application proposing to move its place of business. The bill further provides that upon receiving a related application, the Department is to provide public notice of the application with the expense of the public notice to be borne by the applicant. The Department estimates a nominal level of additional cash fund revenue ($300 annually) to result from these provisions of LB124.

Current law requires either social security numbers or Internal Revenue Service taxpayer identification numbers to appear on effective financing statements (EFS) for purposes of Nebraska's central filing system for security interests relating to farm products. In lieu of social security or tax identification numbers, LB124 would authorize use of an alternative unique identifier to be selected by the Secretary of State using a selection system or method approved by the Secretary of the United States Department of Agriculture. The Secretary of State indicates that if the alternative identifier could be accommodated within a nine-character field, the fiscal impact of accommodating the new identifier would be minimal. If, however, the alternative identifier were to include more than nine characters, extensive programming revisions for existing EFS database fields and tables would required. The Secretary of State estimates related costs at $23,580 which could be met with amounts from the Uniform Commercial Code Cash Fund. While the estimate appears reasonable, it is uncertain that such costs will be incurred. As indicated above, if the alternative unique identifier can be accommodated within a nine-character field, the related impact would be minimal. Significant programming revisions for the central filing system will be required only if the alternative unique identifier necessitates more than nine characters.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Joe Wilcox	DATE 2/2107	PHONE 471-2526
COMMENTS No basis to dispute agency analysis for Secretary of State, however, fiscal note is based on an “if, then” criteria.			