

PREPARED BY: Kathy Tenopir
 DATE PREPARED: February 14, 2017
 PHONE: 471-0058

LB 412

Revision: 00

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|-------------------|---------|-------------------|---------|
| | FY 2017-18 | | FY 2018-19 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | | | | |
| 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.

LB412 relates to clean energy investments. LB412 should have minimal impact since the bill states that the Nebraska Investment Officer shall “begin the process of clean energy investment to the extent it is consistent with prudent investment strategies.”

| ADMINSTRATAIVE SERVICE STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|---|---|--|
| LB: 412 (revised) AM: | AGENCY/POLT. SUB: Nebraska Investment Council | |
| REVIEWED BY: Gary Bush | DATE: 1/24/17 | PHONE: (402) 471-4161 |
| COMMENTS: No basis to disagree on fiscal impact provided by the agency. | | |

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

2017

LB⁽¹⁾ 412

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Investment Council

Prepared by: ⁽³⁾ Michael Walden-Newman Date Prepared: ⁽⁴⁾ 1-20-17 Phone: ⁽⁵⁾ 402-471-2001

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2017-18</u> | | <u>FY 2018-19</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |

Explanation of Estimate:

The Nebraska Investment Council (the Council) estimates that based on our current asset allocation prohibiting investments in fossil fuel-related securities eliminate 6%-7% of the investable equity opportunity set, 3% of fixed income and 20% of private equity. This would significantly reduce portfolio diversification. The Council estimates the cost to sell out of such securities and to replace them would be about \$20 million, if done immediately.

The Council notes Nebraska Revised Statute 72-1239.01 states in part, "No assets of the retirements systems, the Nebraska educational savings plan trust, or the achieving a better life experience program shall be invested or reinvested if the sole or primary investment objective is for economic development or social objectives." LB 412 should clarify its apparent conflict with this provision in state law.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2017-18</u> | <u>2018-19</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>17-18</u> | <u>18-19</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | <u>0</u> | <u>0</u> |