

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2020-21</b>		<b>FY 2021-22</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS	3,820,000	3,820,000	3,820,000	3,820,000
CASH FUNDS	(3,820,000)	(3,820,000)	(3,820,000)	(3,820,000)
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

LB 1063 changes provisions of statute related to the State Treasurer.

Section 2 requires the Treasurer to disburse the money in the Highway Trust Fund by electronic funds transfer.

Throughout the bill sections of statute are amended to strike obsolete language and transfers of funds.

Section 6 renames the Motor Vehicle Tax Fund to the Highway Tax Fund.

Section 11 amends Section 77-2602 (Cigarette Tax distribution) to eliminate obsolete provisions. However, one of the stricken provisions does have a current distribution. 77-2602(3)(f) provides for \$3,820,000 per year to be transferred to the Nebraska Public Safety Communication System Cash Fund at the State Patrol. Those funds are currently utilized to pay for the State Patrol's costs associated with participation in the statewide public safety communication system.

Section 21 modifies the duties of the State Treasurer to include "promote financial literacy" and remove subsection (5) of 84-602 (a reporting requirement of the State Treasurer to the Department of Administrative Services).

Section 23 allows the State Treasurer to collect payments for accounting services for receipt of funds provided on behalf of another state agency. Such fees shall be credited to the State Treasurer Administrative Fund. On a quarterly basis, such fees shall be credited to the Treasury Management Cash Fund.

Section 26 provides for outright repeal of obsolete sections of statute.

The State Treasurer anticipates the provisions of section 23 to be invoked on very rare occasions and cannot estimate potential revenue generated. In all likelihood, such revenue would be minimal.

The provisions in section 11 that apply to the Nebraska Public Safety Communication System Cash Fund will result in \$3,820,000 per year being distributed to the General Fund rather than this Cash Fund. Since these dollars are currently being utilized by the State Patrol, it must be assumed that the Cash Funds currently flowing to the State Patrol will be replaced with General Funds.

It is understood that any significant fees charged under section 23 will be requested by state agencies, boards, and commissions through the normal budget and mid-biennium budget adjustment processes. Since the fee amounts cannot be determined at this time, any such dollars are not reflected in the table above.

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

LB: 1063 AM: AGENCY/POLT. SUB: State Treasurer

REVIEWED BY: Lee Will DATE: 01/30/2020 PHONE: (402) 471-4175

COMMENTS: No basis to disagree with the State Treasurer's assessment of fiscal impact. Any additional revenue generated from payments received from accounting services provided on behalf of another state agency will be credited to the Treasury Management Cash Fund, which is unknown at this time.

NOTE: Section 11, line 17-23 strikes an existing transfer of \$3.82 million in cigarette tax proceeds to the Nebraska Public Safety Communication System Cash Fund, which is the sole source of financing for the Fund.

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

LB: 1063 AM: AGENCY/POLT. SUB: Department of Education

REVIEWED BY: Lee Will DATE: 01/30/2020 PHONE: (402) 471-4175

COMMENTS: No basis to disagree with the Department of Education's assessment of no fiscal impact.

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

LB: 1063 AM: AGENCY/POLT. SUB: Department of Health and Human Services

REVIEWED BY: Lee Will DATE: 01/31/2020 PHONE: (402) 471-4175

COMMENTS: Concur with the Department of Health and Human Services' assessment of fiscal impact.

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

LB: 1063 AM: AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Lee Will DATE: 01/30/2020 PHONE: (402) 471-4175

COMMENTS: Concur with the Department of Revenue's assessment of fiscal impact with impact to the General Fund and Nebraska Public Safety Communication System Cash Fund.

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

LB: 1063 AM: AGENCY/POLT. SUB: Nebraska State Patrol

REVIEWED BY: Lee Will DATE: 01/31/2020 PHONE: (402) 471-4175

COMMENTS: Concur with the Nebraska State Patrol's assessment of fiscal impact.

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

**2020**

**LB<sup>(1)</sup> 1063**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> State Treasurer

Prepared by: <sup>(3)</sup> Tyson Larson Date Prepared: <sup>(4)</sup> 1/27/20 Phone: <sup>(5)</sup> (402) 471-1234

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

	<u>FY 2020-21</u>		<u>FY 2021-22</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>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Explanation of Estimate:**

LB1063 modernizes and repels obsolete sections in state statute related to Treasury Management and puts a duty in statute for the State Treasurer to promote "Financial Literacy".

The State Treasurer is currently already promoting financial literacy out of his own budget and in conjunction with Nebraska Department of Banking & Insurance through settlement dollars, therefore we do not see any additional cost to the state.

LB1063 does allow for the State Treasurers office to receive payments for accounting services provided "behalf of another state agency"; we anticipate this to happen in very rare occasions and therefore we cannot calculate it at this time.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
<b>TOTAL.....</b>				

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

**2020**

**LB<sup>(1)</sup> 1063**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Education

Prepared by: <sup>(3)</sup> Bryce Wilson Date Prepared: <sup>(4)</sup> 1/23/20 Phone: <sup>(5)</sup> 402-471-4320

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) Mike Michalski

Date Prepared 1-30-2020

Phone: (5) 471-6719

**FY 2020-2021**

**FY 2021-2022**

	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
<b>GENERAL FUNDS</b>				
<b>CASH FUNDS</b>				
<b>FEDERAL FUNDS</b>				
<b>OTHER FUNDS</b>				
<b>TOTAL FUNDS</b>	<b>See Below</b>		<b>See Below</b>	

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

**Explanation of Estimate:**

LB 1063 would allow the State Treasurer's Office to charge state agencies for accounting services if they receive any funds on behalf of another state agency. The bill does not specify the amount that will be charged, nor does it put any limitations on agencies or types of funds they would assess accounting service charges to. The language of the bill would allow the Treasurer to charge fees at any point in time. The State Treasury Office has informed that this bill will not impact the Department of Health and Human Services. However, if the State Treasurer begins to charge for services for Child Support Enforcement or any other DHHS function, DHHS would need additional funding to pay for charges submitted by the State Treasurer's Office.

**MAJOR OBJECTS OF EXPENDITURE**

PERSONAL SERVICES:	NUMBER OF POSITIONS		2020-2021	2021-2022
	20-21	21-22	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
<b>TOTAL.....</b>				



In addition, LB 1063 amends § 77-2205 to remove the State Treasurer's ability to register a warrant if the State Treasurer is unable to pay a warrant upon presentment for any of the enumerated reasons in section 77-2205. Section 77-3523 is amended to remove the requirement that the State Treasurer notify the Director of Administrative Services, on the business day preceding the last business day of each month, of the amount of funds available in the General Fund for payment purposes; and requires the Director of Administrative Services to issue payments by electronic funds transfer, eliminating the requirement for drawing warrants against the appropriated funds.

The bill amends § 77-27,139.04 to require payments under the Municipal Equalization Fund to be paid electronically from the funds appropriated, and not by drawing warrants against the funds appropriated. The bill makes similar amendments to § 39-2215, 79-1035, and 79-1044.

Section 60-396 is amended to require the county treasurer to determine the amount of and issue to the owner the credit for a registration fee and motor vehicle tax and fee, when the owner files an application that a motor vehicle, trailer, or semitrailer has been disabled or removed from service and registers no replacement.

Section 60-459 is amended to raise the amount of a proof of financial responsibility certificate to \$150,000 per vehicle from \$75,000. The bill also amends section 60-3,202 to change the name of the Motor Vehicle Tax Fund to the Highway Tax Fund, and requires county treasurers to distribute funds received from the State Treasurer under the Highway Tax Fund to the county taxing agencies in the same proportion that the levy of each such taxing agency bears to the total of such levies of all taxing agencies in the county.

It is estimated that LB 1063 will increase the General Fund revenues by \$3,820,000 from the elimination of the distribution by the State Treasurer of the equivalent of \$3,820,000 in taxes to the Nebraska Public Safety Communication System Cash Fund.

It is estimated that there will be no cost to the Department to implement this bill.

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

2020

LB<sup>(1)</sup> 1063

FISCAL NOTE

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

Prepared by: <sup>(3)</sup> Carol Aversman Date Prepared: <sup>(4)</sup> 1/29/2020 Phone: <sup>(5)</sup> \_\_\_\_\_

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$3,820,000</u>	_____	<u>\$3,820,000</u>	_____
CASH FUNDS	<u>(\$3,820,000)</u>	_____	<u>(\$3,820,000)</u>	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>\$0.00</u>	_____	<u>\$0.00</u>	_____

Explanation of Estimate:

LB 1063, Section 11 (3) (f) removes the provision for the transfer of \$3,820,000 in cigarette taxes to the Public Safety Communication Cash Fund. This is the sole source of funding for this Cash Fund. These funds are used by the State Patrol to pay the Office of the Chief Information Officer (“OCIO”) a retainer totaling over \$1,000,000 annually to operate and maintain the Public Safety Communication Systems of the State. The Agency also has Master Lease payments totaling over \$800,000 for equipment that is required to be paid to the OCIO which is funded from this source. Additionally, the funds are used to purchase and install radios (in car and portable) for all troopers, which is the primary source of communication with dispatchers and command staff while troopers are in the field. The funds are also used for repairs and maintenance to the radios, the purchase of in-car and body-worn cameras with live-streaming capabilities, cloud storage costs for data downloaded from cameras, the purchase of mobile data computers for troopers, the installation, repair and maintenance of communication towers throughout the state which allows for the transmission of radio messages, and the purchase and maintenance of Patrol dispatch equipment and software. Without the provision of these cash funds the Agency would need General Funds to cover the aforementioned costs.

LB 1063, Section 23 (e) also provides for a fee to be paid to the State Treasurer for “accounting services for receipt of funds provided on behalf of another state agency”. The Patrol submits many transactions to the State Treasurer’s office for deposits of cash and checks, inter-agency billing transaction receipts, invoice receipts, and ACH receipts. Additionally, the Patrol has daily accounting transactions that occur that consist of multiple credit card receipts related to the operation of its Criminal Identification Division. These transactions relate to fees charged for finger-printing, and background checks which are mandated by the State of Nebraska. LB 1063 does not indicate the amount or methodology used to calculate the fee. Therefore, although it is clear there will be a fiscal impact to the State Patrol as a result of this provision, the amount is indeterminable at this time. In an attempt to provide some sense of the scope of how many transactions this would involve, the State Patrol provides the following estimated number of transactions:

- (1) General Deposits related to the receipt of cash and checks – 922 batches per fiscal year with an estimated 4,474 checks.
- (2) Credit Card Deposits – 223 batches per fiscal year, with an estimated 1,115 individual transactions.
- (3) ACH, IBT, and Invoice Deposits – 398 batches per fiscal year, with an estimated 1,483 individual transactions.

This totals an estimated 1,543 accounting batches with at least 7,072 individual transactions that could be subject to a fee and would result in a General Fund fiscal impact to the State Patrol.



**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</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.

**2020**

**LB<sup>(1)</sup> 1063**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Administrative Services (DAS) – State Accounting

Prepared by: <sup>(3)</sup> Philip Olsen Date Prepared: <sup>(4)</sup> January 23, 2020 Phone: <sup>(5)</sup> 402-471-0600

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

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

**Explanation of Estimate:**

LB1063 is a bill relating to the State Treasurer and treasury management. LB1063 does not have a fiscal impact on the Department of Administrative Services (DAS).

There are sections within the bill with similar changes that may cause conflicts in operationalizing the bill.

On page 25, lines 19-20 continue to direct the State Treasurer, "To disburse the public money upon warrants drawn upon the state treasury according to law and not otherwise;"

DAS State Accounting also noted that page 6, line 9, starting with "All" through line 11 ending with "Services" has no bearing on current practice. Current practice transfers funds (via journal entry) to the Highway Allocation Fund (a distributive fund). Highway allocation disbursements are then electronically made from the Highway Allocation Fund.

Lastly, DAS State Accounting would like to draw attention to page 29, lines 16-17. DAS State Accounting understands the term "accounting services" to mean the creation of deposit batches. The State Treasurer does not create deposit batches for the Department of Administrative Services (DAS). As such, there would be no fiscal impact on DAS.

LB1063 does not have a fiscal impact on the Department of Administrative Services.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</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.

**2020**

**LB<sup>(1)</sup> 1063**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Agriculture

Prepared by: <sup>(3)</sup> Ashley Bonebright Date Prepared: <sup>(4)</sup> 1/30/2020 Phone: <sup>(5)</sup> 402-429-2487

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

	<u>FY 2020-21</u>		<u>FY 2021-22</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>	<b>=====</b>	<b>=====</b>	<b>=====</b>	<b>=====</b>

Explanation of Estimate:

Language in Section 23(e) "Payments for accounting services for receipt of funds provided on behalf of another state agency" may have a fiscal impact to NDA that is unknown.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>