

FISCAL NOTE
 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		See Below	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 350 allows cities or villages to adopt an ordinance establishing procedures for the payment of up to 15% of the insurance proceeds for damage or loss to a building or other structure as a covered claim payment to the city or village. The city or village shall release the insured's proceeds and any interest within 30 days or receipt unless the city or village has provided notice to the owner that city or village is proceeding to repair, rehabilitate, or demolish and remove the building or structure. If so, then only the proceeds in excess of the amounts necessary to repair, rehabilitate or demolish and remove the building or structures are to be remitted to the insured. Cities and villages adopting such an ordinance must notify the Department of Insurance. The department is required to prepare a list of cities and villages with such ordinances for distribution to insurance companies on a quarterly basis.

The bill will have a minimal fiscal impact for the Department of Insurance to receive and monitor filings and inform insurers of cities and villages which adopt ordinances pursuant to the bill. One-time cash fund expenses of \$500 will be incurred in 2007-08 for programming to establish a system to monitor filings. Estimated on-going annual costs for a quarterly mailing to insurers will be about \$3,624 of cash funds. It is assumed the budgetary resources of the department are sufficient to handle the minimal increase in costs.

The bill provides another method for a city or village to collect funds to pay costs associated with the repair, rehabilitation or demolition and removal of buildings and structures damaged by fire, explosion, windstorm or other natural disasters. Current law provides for cities and villages to impose a special levy against the property for such work or enforce the collection by civil action in court. It is possible the bill will expedite the work on affected buildings and structures which may result in lower expenditures by cities and villages for such work or decreased expenditures for civil actions.