

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$131,279		\$135,372	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS	\$103,046	\$103,046	\$107,505	\$107,505
TOTAL FUNDS	\$234,325	\$103,046	\$242,877	\$107,505

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

LB 485 requires officers or state agencies established by the Constitution of Nebraska to utilize the Department of Administrative Services' (DAS) services contracts.

DAS estimates the need for one additional Procurement Contracts Officer to address anticipated workload increases related to LB 485. The ongoing costs for this position are estimated to be \$103,046 of Revolving Funds in fiscal year 2023-24 and \$107,505 in fiscal year 2024-25. There is no basis to disagree with these estimates.

The Secretary of State, Auditor of Public Accounts, and State Treasurer estimate little to no fiscal impact due to LB 485's provisions.

The Attorney General is unable to estimate any fiscal impact, as it would depend on the number and type of service contracts that agency would execute.

The Public Service Commission (PSC) estimates the need to add 1.0 Attorney to address the provisions of LB 485. The PSC has multiple specialized contracts for services in areas such as: Universal Services, telecommunications relay system, natural gas regulation, and broadband mapping. In order to properly address the PSC's specific needs and have time sensitive contracts in place when needed, this attorney position will coordinate with DAS and advise Commissioners regarding contracts. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 485	AM:	AGENCY/POLT. SUB: Dept. of Administrative Services – Materiel Division	
REVIEWED BY: Kimberly Burns	DATE: 02/03/2023	PHONE: (402) 471-4171	
COMMENTS: No basis to disagree with the Department of Administrative Services' assessment of fiscal impact from LB 485.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 485	AM:	AGENCY/POLT. SUB: Secretary of State	
REVIEWED BY: Kimberly Burns	DATE: 01/24/2023	PHONE: (402) 471-4171	
COMMENTS: The Secretary of State's assessment of no fiscal impact from LB 485 seems reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 485	AM:	AGENCY/POLT. SUB: Nebraska Auditor of Public Accounts	
REVIEWED BY: Kimberly Burns	DATE: 01/19/2023	PHONE: (402) 471-4171	
COMMENTS: The Nebraska Auditor of Public Accounts' assessment of no perceived fiscal impact from LB 485 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 485	AM:	AGENCY/POLT. SUB: State Treasurer	
REVIEWED BY: Kimberly Burns	DATE: 01/27/2023	PHONE: (402) 471-4171	
COMMENTS: No basis to dispute the State Treasurer's estimate of no significant fiscal impact from LB 485. The State Treasurer's Office could absorb any additional impact within existing resources.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 485	AM:	AGENCY/POLT. SUB: Attorney General	
REVIEWED BY: Kimberly Burns	DATE: 01/26/2023	PHONE: (402) 471-4171	
COMMENTS: No basis to disagree with the Attorney General's assessment of unquantifiable fiscal impact from LB 485.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 485	AM:	AGENCY/POLT. SUB: Nebraska Public Service Commission	
REVIEWED BY: Kimberly Burns	DATE: 02/28/2023	PHONE: (402) 471-4171	
COMMENTS: No basis to disagree with the Nebraska Public Service Commission's assessment of fiscal impact from LB 485.			

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2023

LB⁽¹⁾ 485

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – Materiel Division – State Purchasing Bureau (SPB)

Prepared by: ⁽³⁾ Jennifer Sommars-Link Date Prepared: ⁽⁴⁾ 01/24/2023 Phone: ⁽⁵⁾ 402-471-1405

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	\$103,046	\$103,046 ⁽¹⁾	\$107,505	\$107,505 ⁽¹⁾
TOTAL FUNDS	<u>\$103,046</u>	<u>\$103,046</u>	<u>\$107,505</u>	<u>\$107,505</u>

(1) See Below for revenue source

Explanation of Estimate:

LB 485 would subject all services contracts of constitutional agencies, other than the university, colleges, courts, or Legislature, to competitive bidding laws found in Neb. Rev. Stat. §§ 73-501 to 73-510. SPB may be asked to conduct the public bidding for more contracts on behalf of these agencies.

If SPB receives an increased workload from constitutional agencies, SPB would need an additional Procurement Contracts Officer, which is estimated to cost \$103,046 in FY23-24 and \$107,505 in FY24-25. These costs include salary and benefits (health insurance is budgeted using the State’s current share of the highest cost family plan as a base) and ongoing annual operating costs (OCIO expenses including computer leasing costs, printing/publication, and other supplies). SPB would incur a one-time cost of \$887 for set up costs and the purchase of new non capitalized equipment (monitors, a chair, etc.).

To pay these costs, SPB would require additional revolving fund appropriation, which may involve an increase in the DAS Materiel Division’s biennial Purchasing Assessment. The increase in Purchasing Assessment would provide the necessary revenue for the additional expenditures. Because the FY23-25 biennial Purchasing Assessment has already been published, it would need to be adjusted.

The increase in the Purchasing Assessment would increase the costs to each agency that uses SPB’s services. Those costs would need to be reconciled in a subsequent A bill to provide additional appropriation and funding.

The table below summarizes the estimated impact by fund type of the increased statewide Purchasing Assessment. The allocation by fund type is based on a four (4) year [2019-2022] average of the fund that was used to process payment of the Purchasing Assessment in the past.

	FY23-24	FY24-25
	Expenditures	Expenditures
General Funds	\$36,671	\$38,258
Cash Funds	\$50,473	\$52,657
Federal Funds	\$4,998	\$5,214
Revolving Funds	\$10,904	\$11,376
Total Funds	\$103,046	\$107,505

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2023-24	2024-25
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Procurement Contracts Officer	1	1	\$61,152	\$64,210
Benefits.....			\$37,315	\$39,603
Operating.....			\$4,579	\$3,692
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$103,046	\$107,505

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

2023

LB⁽¹⁾ 485

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Secretary of State

Prepared by: ⁽³⁾ Joan Arnold Date Prepared: ⁽⁴⁾ 1-18-2023 Phone: ⁽⁵⁾ 402-471-2384

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2023

LB⁽¹⁾ 485

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Auditor of Public Accounts

Prepared by: ⁽³⁾ Craig Kubicek Date Prepared: ⁽⁴⁾ 1/19/2023 Phone: ⁽⁵⁾ 402-326-3063

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$0			
CASH FUNDS	\$0			
FEDERAL FUNDS	\$0			
OTHER FUNDS	\$0			
TOTAL FUNDS	\$0			

Explanation of Estimate:

Not a significant change to our current process.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</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.

2023

LB⁽¹⁾ 485

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Treasurer

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ January 26, 2023 Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

The State Treasurer’s Office doesn’t expect any fiscal impact from LB 485 to the office. LB 485 would add more duties to the Treasurer’s Office, if it was to pass. Those changes could be absorbed by existing staff. However, DAS would likely be doing more contract work with agencies established by the Nebraska Constitution and would possibly need to add a person to handle the additional duties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</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.

2023

LB⁽¹⁾ 485

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Attorney General

Prepared by: ⁽³⁾ Jay Bartel Date Prepared: ⁽⁴⁾ 1-19-23 Phone: ⁽⁵⁾ 402-471-2687

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</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:

This bill would require our office to change the way we choose service contractors for contracts over \$50,000 that are not for professional legal services or expert witnesses. The main impact it will have on the Attorney General’s Office is the increase in staff time required to comply with the new competitive bidding requirements. Any impact would depend on the number and types of service contracts we execute that would be subject to the bidding requirements. Any increased costs for this office cannot be quantified at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</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.

2023

LB⁽¹⁾ 485

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Public Service Commission

Prepared by: ⁽³⁾ Suzie Hinzman Date Prepared: ⁽⁴⁾ 2/21/2023 Phone: ⁽⁵⁾ 402-471-0240

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>131,279</u>	<u></u>	<u>135,372</u>	<u></u>
CASH FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u><u>131,279</u></u>	<u><u>0</u></u>	<u><u>135,372</u></u>	<u><u>0</u></u>

Explanation of Estimate:

LB 485 removes the exemption that constitutional agencies currently have regarding competitive bidding for service contracts exceeding \$50,000 and would require the agency to bid all potential contracts consistent with Nebraska Revised Statutes sections 73-501 through 73-510. The Commission currently follows an internal procurement policy that employs sound business practices and provides for competitive bidding where feasible based on the type and nature of the contract. This policy also requires approval by a majority vote of commissioners for any contract in excess of \$100,000.

In order to fulfil its various regulatory responsibilities, the Commission must enter into contracts for unique and specialized services. Examples include Next Generation 911 network and core services, management information services and consulting in connection with the 911 Service System Act; Public Advocate services and consulting services under the State Natural Gas Regulation Act; cost model development under the Nebraska Telecommunications Universal Service Fund Act; the mapping of broadband availability in connection with the Nebraska Broadband Bridge Act; and operating the telecommunications relay system for the Deaf and Hard of Hearing pursuant to the Telecommunications Relay System Act.

These contracts permit the Commission to access critical expertise while maintaining a relatively small staff. In some cases, the Commission is required to maintain a continuing contractual relationship pursuant to statute, such as in the case of the Public Advocate. In all cases, efficient and timely vendor selection and contract negotiation is critical for the Commission to execute its statutory duties.

In order to fulfill the requirements of Nebraska Revised Statutes sections 73-501 through 73-510, the commission would need an additional agency legal counsel to manage the internal contracting process and act as the Commission's interface with State Purchasing.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
<u>Attorney</u>	<u>1</u>	<u>1</u>	<u>85,000</u>	<u>90,100</u>

Benefits.....			<u>36,940</u>	<u>38,692</u>
Operating.....			<u>9,339</u>	<u>6,580</u>
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL			<u>131,279</u>	<u>135,372</u>