

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB140 provides that within 90 days after the effective date of the act, the state investment officer (SIO) shall make every effort to identify all companies that have business operations that involve contracts with or the provision of supplies or services to the Government of Sudan in which the state has direct or indirect holdings as a result of its investments. LB140 outlines the SIO's duties, responsibilities and reporting requirements in order to carry out the directives.

The Nebraska Investment Council outlines the costs in three areas: 1.) On-going costs of compliance; 2.) one-time transition costs; and 3.) permitted decrease in asset value

- 1.) On-going costs of compliance. The NIC provides 2 options. One option is to hire staff and do the work in-house. The other option is to hire a consultant.

	Option A: In-house		Option B: Consultant	
	FY2009-10	FY2010-11	FY2009-10	FY2010-11
Screening Services	25,000	25,000	25,000	25,000
Staff 1.0 FTE/.5 FTE	78,000	40,000	0	0
Consultant	0	0	450,000	138,000
Legal Fees	15,000	10,000	15,000	10,000
Office Space	3,195	3,291	0	0
Office Set-Up	6,500	0	0	0
Travel	1,000	1,000	0	0
Total	128,695	79,291	490,000	173,000

- 2.) Transition Costs. The NIC estimates a one-time cost to transition assets in impacted portfolios to be a \$2,000,000 reduction of asset value.
- 3.) NIC estimates the decrease in value of assets of 5 basis points at \$5,228,000.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS				
<p>INVESTMENT COUNCIL – No basis to disagree with agency's estimate of impact on operations for either scenario outlined by the agency. There would be an indirect General Fund impact if the Investment Council's appropriated budget was increased. The investment income is reduced by the amount of Investment Council's appropriated budget. In the Investment Council's 3rd Quarter (ending 9/30/08) Performance Report, it is shown that of all funds under investment of the investment Council, the Operating Investment Pool is 20.7% of the total. As of December 2008, the General Funds was 18.2% and the Cash Reserve was 22.8% (for a total of 41.0%) of the Operating Investment Pool. This could mean a reduction in investment earnings for General Funds and Cash Reserve of approximately 8.5% or \$17,649 to \$56,269, depending on the scenario utilized.</p> <p>The transition cost and tracking error identified by the Agency could impact the returns for all of the retirement plans administered by the State (School Employee, State Patrol, Judges, and Cash Balance Plans for State and County employees). A reduction in earnings for these plans could result in an increase contribution being required. Contributions are made by the employee, employer or by the state. An increase state contribution would be funded with General Funds. The amount of any additional contribution that might be required cannot be determined.</p>				