

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$1,315,000		\$1,315,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$1,315,000		\$1,315,000	

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

LB1395 creates the Natural Asset Company Prohibition Act.

The State of Nebraska or any political subdivision of the state will not sell, lease, license, or grant liens, or otherwise encumber land or resources owned, leased, or otherwise controlled by the state, or the rights to that land or resources including land, resources, or the rights to that land or resources owned by any state retirement system, to a natural asset company or otherwise do business directly or indirectly with a natural asset company in a way that would grant a natural asset company a direct or indirect interest in or right to such land or resources

The Secretary of State will not accept articles of incorporation for filing or grant authority for a natural asset company to transact business in the state. They will also rescind the authority to transact business to any company doing business in Nebraska if that company becomes a natural asset company.

The investment of public funds, including state funds, funds controlled by an entity owned or controlled by the state, funds of any state retirement system, & funds managed by, controlled by, or allocated to any political subdivision of the state, or entity owned or controlled by a political subdivision of the state in a natural asset company is prohibited.

**EXPENDITURES:**

The Nebraska Investment Council (NIC) would have expenses of \$15,000 annually to hire an independent research firm to monitor & review the investments that fall under the provisions of LB1395. There would also be an estimated increase of \$1,300,000 to move the investments from a passively managed commingled account to a separately managed account.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 1395	AM:	AGENCY/POLT. SUB: Supreme Court	
REVIEWED BY: Jacob Leaver	DATE: 1/30/2024	PHONE: (402) 471-4173	
COMMENTS: Concur with the Supreme Court's indeterminable fiscal impact to the agency as a result of LB 1395.			

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>			
LB: 1395	AM:	AGENCY/POLT. SUB: Secretary of State	
REVIEWED BY: Jacob Leaver	DATE: 2/1/2024	PHONE: (402) 471-4173	
COMMENTS: Concur with the Secretary of State's estimate of no fiscal impact to the agency as a result of LB 1395.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1395	AM:	AGENCY/POLT. SUB: Attorney General	
REVIEWED BY:	Jacob Leaver	DATE: 1/25/2024	PHONE: (402) 471-4173
COMMENTS: The Attorney General's estimate of no fiscal impact to the agency as a result of LB 1395 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1395	AM:	AGENCY/POLT. SUB: Game and Parks Commission	
REVIEWED BY:	Jacob Leaver	DATE: 1/25/2024	PHONE: (402) 471-4173
COMMENTS: Concur with the Game and Parks Commission's estimate of no fiscal impact to the agency as a result of LB 1395.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1395	AM:	AGENCY/POLT. SUB: Department of Administrative Services	
REVIEWED BY:	Jacob Leaver	DATE: 1/25/2024	PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Administrative Services' estimate of no fiscal impact as a result of LB 1395.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1395	AM:	AGENCY/POLT. SUB: Nebraska Public Employees Retirement System	
REVIEWED BY:	Jacob Leaver	DATE: 1/26/2024	PHONE: (402) 471-4173
COMMENTS: Concur with the Nebraska Public Employees Retirement System's estimate of no fiscal impact to the agency as a result of LB 1395.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1395 Revised	AM:	AGENCY/POLT. SUB: Nebraska Investment Council	
REVIEWED BY:	Jacob Leaver	DATE: 2/1/2024	PHONE: (402) 471-4173
COMMENTS: Concur with the Nebraska Investment Council's revised estimated fiscal impact as a result of LB 1395.			

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

**2024**

**LB<sup>(1)</sup> 1395**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Sarah Skinner Date Prepared: <sup>(4)</sup> 1/19/2024 Phone: <sup>(5)</sup> 402-419-4229

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

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

**Explanation of Estimate:**

LB 1395, as introduced, establishes the Natural Asset Company Prohibition Act (Act). The Act prohibits the State of Nebraska from transacting with a natural asset company, as defined by the Securities and Exchange Commission, either directly or indirectly with regards to state land or resources, any investment, bond offering involving such company or in which the company holds interest, and assets used for the benefit of the natural asset company. Any violation of the Act will revert such land back to the State of Nebraska and any other laws in violation are null and void. Stated entities and parties, including state agencies, that are adversely affected by a violation of the Act may file suit. Natural asset companies are prohibited from conducting business and acquiring assets in the State, and the Secretary of State is directed to not accept any filing or grant any authority to such company to transact business. A company in violation of the Act loses authority to conduct business in the state while in violation. Contracts entered into with a natural asset company become null and void and any investments or bonding violations require disposition.

There is no fiscal impact to the Department of Administrative Services.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</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.

**2024**

**LB<sup>(1)</sup> 1395**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Ellen Hung Date Prepared: <sup>(4)</sup> 1-29-2024 Phone: <sup>(5)</sup> 402-471-2001

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

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	1,315,000	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	1,315,000	_____	1,315,000
<b>TOTAL FUNDS</b>	<u>1,315,000</u>	<u>1,315,000</u>	<u>1,315,000</u>	<u>1,315,000</u>

**Explanation of Estimate:**

Independent research firm: \$15,000/year  
 Increase in management fee: \$1.3 million/year (moving from passively managed commingled to separately managed account)  
 Transition cost: Indeterminable

It's difficult to quantify the effect on performance returns.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</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.

**2024**

**LB<sup>(1)</sup> 1395**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Public Employees Retirement System

Prepared by: <sup>(3)</sup> Teresa Zulauf Date Prepared: <sup>(4)</sup> 1-25-24 Phone: <sup>(5)</sup> 402-471-7745

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

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>0</u>	_____	<u>0</u>	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	_____	<u>0</u>	_____

**Explanation of Estimate:**

LB 1395 relates to natural asset companies. This bill will also adopt the Natural Asset Company Prohibition Act.

No fiscal impact to NPERS Agency 085 operations expenditures.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</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.

**2024**

**LB<sup>(1)</sup> 1395**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Joan Arnold Date Prepared: <sup>(4)</sup> 1-18-2024 Phone: <sup>(5)</sup> 402-471-2384

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

	<u>FY 2024-25</u>		<u>FY 2025-26</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:**

LB 1395 provides that our office shall not accept articles of incorporation for filing or grant authority for a natural asset company to transact business in the state. The bill further requires our office to rescind the authority to transact business to any company doing business in Nebraska if such company becomes a natural asset company. To our knowledge, as currently defined, there are no natural asset companies in existence. Therefore, at this time, the legislation has no fiscal impact for our office. This fiscal impact is subject to change should the Securities and Exchange Commission finalize their rules related to natural asset companies.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</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>

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

**2024**

**LB<sup>(1)</sup> 1395**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Justin Lavene Date Prepared: <sup>(4)</sup> 1/22/2024 Phone: <sup>(5)</sup> 402-471-2687

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

	<u>FY 2024-25</u>		<u>FY 2025-26</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>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</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.

**2024**

**LB<sup>(1)</sup> 1395 – Natural Asset Company Prohibition Act**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Game & Parks Commission

Prepared by: <sup>(3)</sup> Christina Peters Date Prepared: <sup>(4)</sup> January 19, 2024 Phone: <sup>(5)</sup> (402) 471-5403

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

	<u>FY 2024-25</u>		<u>FY 2025-26</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:**

The proposed legislation prohibits any government entity or political subdivision in Nebraska from doing business with a natural asset company (NAC), as defined by the Securities and Exchange Commission and listed on the New York Stock Exchange (NYSE) or any stock exchange. Any company affiliated with any NAC, controlled by any NAC, or under common control with any NAC are included in the definition of an NAC.

The types of business activities prohibited include giving any control or interest over any land or resource; putting any investment of any public funds in an NAC; authorizing any NAC to operate or conduct business in Nebraska; among other specific prohibited actions.

There is no fiscal impact.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25 EXPENDITURES</u>	<u>2025-26 EXPENDITURES</u>
	<u>24-25</u>	<u>25-26</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
<b>TOTAL.....</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>	<b>_____</b>

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

**2024**

**LB<sup>(1)</sup> 1395**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> 05 Supreme Court

Prepared by: <sup>(3)</sup> Eric Asboe Date Prepared: <sup>(4)</sup> 1/28/2024 Phone: <sup>(5)</sup> 402-326-9215

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

	<u>FY 2024-25</u>		<u>FY 2025-26</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:

Minimal fiscal impact to provide judicial education. Any potential impact on judicial workload from an increase in cases cannot be determined at this time. No additional resources required.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____