

# FISCAL NOTE

## LEGISLATIVE FISCAL ANALYST ESTIMATE

### ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

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

LB 366 creates the Legislative Economic Analysis Unit (Unit) in the Legislature, led by a Chief Economist who works at the direction of the Speaker of the Legislature. The Unit is responsible for providing a regulatory impact analysis of (1) any major rule or regulation or any proposed major rule or regulation; (2) existing rules and regulations; and (3) significant grants received from the federal government or sources outside state government when requested by the Speaker or committee of jurisdiction.

The bill provides certain requirements for the contents of the regulatory impact analysis and reporting of any analysis completed. The bill also provides requirements for information provided by any agency promulgating rules or regulations to the Unit for the purposes of completing the regulatory impact analysis. LB 366 requires Legislative action to ratify a rule or regulation within 60 legislative days. The bill includes intent language to extend the legislative session or for the Governor to call a special session to approve proposed rules or regulations. If the Legislature is not in session, the Governor may approve a rule or regulation if a statement is included explaining why an emergency exists or why a federal requirement requires an earlier effective date; why the Legislature cannot be called into session to approve such rule or regulation; and why the rules or regulation complies with emergency powers or is required by federal law.

The Legislature estimates costs of \$581,677 in FY26 and \$582,080 in FY27 for staffing the Unit, including the Chief Economist, two professional staff, and one administrative position. There could be additional costs to the Legislature if special sessions are called for purposes of approving rules or regulations for session expenses.

The Secretary of State estimates a one-time cost in FY26 of \$25,000 related to IT costs for updating the current rules system in the office.

Section 2 of the bill provides that the Appropriations Committee of the Legislature, in determining annual appropriations, use a baseline of 1%-2% contribution of each agency budget for incorporating the cost of the analysis. This amount and fund type will vary by agency.

However, for fiscal year 2024-25, excluding capital construction appropriations, total agency budgets equal \$5.4 billion General Funds, \$5.5 billion cash funds, \$6.2 billion federal funds, and \$1.2 billion revolving funds. An amount equaling 1% of such totals would be \$53.9 million General Funds, \$55.3 million cash funds, \$62.0 million federal funds, and \$12.2 million revolving funds.

DAS provides an estimate of this provision relative to certain code agencies, using the 2% for those specific agencies. DHHS provides an estimate of this provision as well. The language in the bill is unclear as to whether this 1%-2% would be used to pay the expenses of the Unit only, or if the 1%-2% is to be set aside within each agency budget relative to total costs, both of the Unit within the Legislature and the agency's own costs for compliance. We estimate that for most agencies 1%-2% of the total agency budget will exceed the actual costs of compliance in the bill.

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

LB:	366	AM:	AGENCY/POLT. SUB: Nebraska Legislative Council	
REVIEWED BY:	Ann Linneman		DATE:	1-22-2025
			PHONE:	(402) 471-4180
COMMENTS: The Legislative Council's assessment of fiscal impact seems reasonable given the assumptions used.				

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB:	366	AM:	AGENCY/POLT. SUB: Nebraska Secretary of State		
REVIEWED BY:	Ann Linneman		DATE:	2-5-2025	PHONE: (402) 471-4180
COMMENTS: The Nebraska Secretary of State's assessment of fiscal impact seems reasonable given the assumptions used.					

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB:	366	AM:	AGENCY/POLT. SUB: Nebraska Department of Health & Human Services		
REVIEWED BY:	Ann Linneman		DATE:	2-7-2025	PHONE: (402) 471-4180
COMMENTS: Concur with the Nebraska Department of Health and Human Services' assessment of fiscal impact.					

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

**2025**

**LB<sup>(1)</sup> 366**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Dept. of Administrative Services (DAS) for ENTERPRISE

Prepared by: <sup>(3)</sup> Sarah Skinner Date Prepared: <sup>(4)</sup> 2/5/2025 Phone: <sup>(5)</sup> 402-419-4229

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

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>ADDITIONAL RESOURCES – DEPT OF REVENUE</u>	<u>EXPENDITURES</u>	<u>ADDITIONAL RESOURCES – DEPT OF REVENUE</u>
GENERAL FUNDS	<u>\$57,057,771</u>	<u>                    </u>	<u>\$59,393,705</u>	<u>                    </u>
CASH FUNDS	<u>\$79,147,390</u>	<u>\$460,400</u>	<u>\$97,399,177</u>	<u>\$345,000</u>
FEDERAL FUNDS	<u>\$110,691,255</u>	<u>                    </u>	<u>\$210,743,568</u>	<u>                    </u>
REVOLVING FUNDS	<u>\$6,976,984</u>	<u>                    </u>	<u>\$6,234,381</u>	<u>                    </u>
TOTAL FUNDS	<u>\$253,873,400</u>	<u>\$460,000</u>	<u>\$373,770,831</u>	<u>\$345,000</u>

**Explanation of Estimate:**

LB 366 creates the Legislative Economic Analysis Unit within the Legislature to provide independent and reliable economic analysis. The Chief Economic is appointed by the Speaker of the Legislature and shall hire staff as needed. The Speaker of the Legislature or a standing committee Chairperson can request the Economic Analysis Unit determine whether a rule or regulation or proposed rule or regulation is a major rule or regulation. They also will have the authority to review specified existing rules and regulations and nonmajor rules and regulations when requested by a chairperson of a standing committee.

The Unit shall provide a regulatory impact analysis for existing rules and regulations and provide an impact analysis of significant grants received by the federal government or other external sources when requested by the Speaker or by a chairperson of a standing committee. The Unit shall provide notice that a rule or regulation or proposed rule or regulation submitted to the Legislature was determined to be a major rule or regulation, and it would not be in effect without a sixty-day legislative consideration or approval. The district court would have jurisdiction to conduct de novo review if not approved by the Legislature. LB 366 authorizes the Unit to evaluate or analyze existing rules and regulations and nonmajor rules and regulations by request of a chairperson of a standing committee with subject matter jurisdiction.

Prior to filing with the Secretary of State, a state agency would be required to submit the rule or regulation to a newspaper with circulation in the state and shall electronically submit to the Legislature and Chief Economist a report that includes criteria specified in Section 8. The Unit shall provide a report on each major rule or regulation by the end of the 15<sup>th</sup> legislative day after submission or publication. Agencies must cooperate with the Unit to provide relevant information to the report.

A major rule or regulation shall not be submitted to the Secretary of State's office before the Legislature enacts a law ratifying the rule and regulation or the expiration of sixty legislative days without a final vote on the rule or regulation. If the Governor believes a major rule or regulation should go into effect before sixty legislative days pass, the Governor should call a special session, or the legislative session should be extended for this purpose. The Governor may approve adoption of a major rule or regulation by publishing a statement based on Section 13 conditions. LB 366 operative date is three months after the adjournment of the Legislature.

The Unit's annual appropriation would use a baseline of 1-2% contribution from the budget of each agency as defined in 84-901, which is shown in the table below for code agencies. The amounts reflected below represent 2% of the Governor's recommended base appropriation and does not include any reappropriation. Section 2

would include reappropriations, which cannot be definitively calculated at this time. However, the mid-biennium reappropriation for fiscal year 2024-25 was \$2,574,125,553.

<b>FY25-26</b>				
<b>Agency</b>	<b>General Fund</b>	<b>Cash Fund</b>	<b>Federal Fund</b>	<b>Revolving Fund</b>
Dept. of Administrative Services	\$10,301,323	\$4,596,227		\$323,373,041
Dept. of Agriculture	\$6,711,428	\$9,792,389	\$4,614,717	\$441,753
Dept. of Banking & Finance		\$9,944,458		
Dept. of Correctional Services	\$368,067,188	\$12,386,125	\$2,296,659	\$23,048,268
Dept. of Economic Development	\$20,532,500	\$145,970,712	\$75,754,526	
Dept. of Environment & Energy	\$5,593,323	\$41,085,507	\$81,478,446	
Fire Marshal's Office	\$5,685,061	\$5,901,353	\$737,768	
Dept. of Health & Human Services	\$2,085,349,598	\$906,802,603	\$5,123,865,527	
Dept. of Insurance		\$13,265,486	\$1,457,703	
Dept. of Labor	\$764,157	\$13,886,505	\$49,593,278	
Military Dept.	N/A	N/A	N/A	N/A
Dept. of Motor Vehicles		\$58,365,831	\$48,446	
Dept. of Natural Resources	\$10,708,426	\$92,045,676	\$2,207,789	
Dept. of Revenue	\$193,009,589	\$1,259,406,970		
Dept. of Transportation		\$1,335,622,664	\$159,987,866	
State Patrol	\$90,739,673	\$32,210,983	\$5,201,064	\$1,986,146
Dept. of Veterans' Affairs	\$55,426,293	\$16,083,992	\$27,318,958	
<b>Total</b>	<b>\$2,852,888,559</b>	<b>\$3,957,367,481</b>	<b>\$5,534,562,747</b>	<b>\$348,849,208</b>
<b>2%</b>	<b>\$57,057,771</b>	<b>\$79,147,390</b>	<b>\$110,691,255</b>	<b>\$6,976,984</b>

<b>FY26-27</b>				
<b>Agency</b>	<b>General Fund</b>	<b>Cash Fund</b>	<b>Federal Fund</b>	<b>Revolving Fund</b>
Dept. of Administrative Services	\$10,597,979	\$4,632,646		\$285,871,082
Dept. of Agriculture	\$6,711,428	\$10,219,422	\$4,675,549	\$448,289
Dept. of Banking & Finance		\$9,944,458		
Dept. of Correctional Services	\$377,429,061	\$10,886,125	\$2,296,659	\$23,347,190
Crime Commission	\$15,733,558	\$1,906,825	\$20,375,435	
Dept. of Economic Development	\$20,610,400	\$116,086,576	\$75,817,261	
Dept. of Environment & Energy	\$5,593,323	\$41,371,717	\$81,878,528	
Fire Marshal's Office	\$5,685,061	\$6,181,163	\$790,643	
Dept. of Health & Human Services	\$2,158,523,794	\$907,403,838	\$5,092,570,652	
State Historical Society	\$5,286,038	\$2,934,012	\$840,921	
Dept. of Insurance		\$13,265,486	\$1,457,703	
Dept. of Labor	\$789,452	\$13,927,516	\$50,453,684	
Military Dept.	N/A	N/A	N/A	N/A
Dept. of Motor Vehicles		\$47,117,160	\$48,446	
Dept. of Natural Resources	\$10,758,426	\$92,068,419	\$2,238,087	
Dept. of Revenue	\$204,212,726	\$1,303,015,234		
Dept. of Transportation		\$1,349,358,456	\$105,668,702	
State Patrol	\$90,739,673	\$32,235,941	\$5,495,476	\$2,052,504
Dept. of Veterans' Affairs	\$57,014,347	\$907,403,838	\$5,092,570,652	
<b>Total</b>	<b>\$2,969,685,266</b>	<b>\$4,869,958,832</b>	<b>\$10,537,178,398</b>	<b>\$311,719,065</b>
<b>2%</b>	<b>\$59,393,705</b>	<b>\$97,399,177</b>	<b>\$210,743,568</b>	<b>\$6,234,381</b>

The impacted code agencies would need to determine if the expenditures were eligible for Federal funding, adjust/reduce programs and review funding streams because of the required contributions. For cash and revolving fund types there would need to be a corresponding fund transfer equal to the program's appropriation.

For example, the Nebraska Department of Transportation (NDOT) without an increase in Highway Cash Fund appropriation would be forced to reduce the annual program of highway construction even if funds were available. Also, NDOT would include these increased expenditures and adjust the variable rate accordingly to generate revenue. It is estimated that an increase of approximately two cents to the motor fuels tax setting would be needed if NDOT's annual contribution was set at \$28 million annually.

Additionally, the Dept. of Revenue would need to hire 3.0 FTE Revenue Economists to implement LB 366. This bill requires a one-time REMI TAX PI model cost of \$110,000 and \$40,000 for annual maintenance. See the request for additional resources above.

<b><u>BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE</u></b>				
<b>Personal Services:</b>				
<b><u>POSITION TITLE</u></b>	<b><u>NUMBER OF POSITIONS</u></b>		<b><u>2025-26</u></b>	<b><u>2026-27</u></b>
	<b><u>25-26</u></b>	<b><u>26-27</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>EXPENDITURES</u></b>
A29511 Revenue Economist	3	3	\$222,100	\$229,300
Benefits.....			\$73,300	\$75,700
Operating.....			\$150,000	\$40,000
Travel.....				
Capital outlay.....			\$15,000	
Aid.....				
Capital improvements.....				
TOTAL.....			\$460,400	\$345,000

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

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

Prepared by: (3) John Meals Date Prepared 2-7-24 Phone: (5) 471-6719

	FY 2025-2026		FY 2026-2027	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$19,000,000		\$19,000,000	
CASH FUNDS	\$9,000,000		\$9,000,000	
FEDERAL FUNDS	\$47,000,000		\$47,000,000	
OTHER FUNDS				
TOTAL FUNDS	\$75,000,000	\$0	\$75,000,000	\$0

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

Explanation of Estimate:

LB366 establishes the Legislative Economic Analysis Unit within the legislature to review rules and regulations proposed by state agencies that are considered to be major rules. A major rule is one that has an economic impact of more than \$1 million in a five-year period. Many rule changes within the Department of Health and Human Services (DHHS) would meet that criterion.

As written, LB366 would appropriate as a baseline a one-percent to two-percent contribution from the budget of DHHS to the established Legislative Economic Analysis Unit. In the current state fiscal year (SFY) 2025, DHHS has a baseline budget of approximately \$7.5 billion. If this bill were to be implemented, DHHS would lose an estimated \$75 - \$150 million of its appropriation.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:	NUMBER OF POSITIONS		2025-2026	2026-2027
	26-26	26-27	EXPENDITURES	EXPENDITURES
POSITION TITLE				
Benefits.....				
Operating.....			\$75,000,000	\$75,000,000
Travel.....				
Capital Outlay.....				
Aid.....				
Capital Improvements.....				
TOTAL.....			\$75,000,000	\$75,000,000

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**2025**

**LB<sup>(1)</sup> 366**

**FISCAL NOTE**

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

Prepared by: <sup>(3)</sup> Shelley Reed Date Prepared: <sup>(4)</sup> 1/21/2025 Phone: <sup>(5)</sup> 402-471-2226

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

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>581,677</u>	<u></u>	<u>582,080</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>581,677</u>	<u></u>	<u>582,080</u>	<u></u>

**Explanation of Estimate:**

LB366 would create the Legislative Economic Analysis Unit. Salary and benefits are estimated for a Chief Economist position, which would be a pay grade M as a division director. As a newly created division, it's unclear what level of support positions would be needed. Therefore, the staff salaries and benefits are estimated for one (1) Administrative position (pay grade E), and (two 2) professional positions (pay grade H). Operating expenses are estimated for printing, office supplies, OCIO charges, etc. The Capital outlay charge in the first year would be for computer equipment and furniture for four (4) employees. This amount could be slightly higher due to increases of pricing for laptops and furniture.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Chief Economist	<u>1</u>	<u>1</u>	<u>157,901</u>	<u>162,638</u>
Staff	<u>3</u>	<u>3</u>	<u>247,486</u>	<u>254,910</u>
Benefits.....			<u>152,395</u>	<u>157,877</u>
Operating.....			<u>6,655</u>	<u>6,655</u>
Travel.....			<u></u>	<u></u>
Capital outlay.....			<u>17,240</u>	<u>0</u>
Aid.....			<u></u>	<u></u>
Capital improvements.....			<u></u>	<u></u>
TOTAL.....			<u>581,677</u>	<u>582,080</u>



# 2025

## FISCAL NOTE

Prepared by: (3) Joan Arnold Date Prepared: (4) 1-29-2025 Phone: (5) 402-471-2384

	FY 2025-26		FY 2026-27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	\$22,500			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$22,500			

LB 366 requires an agency before submitting a “covered” rule or regulation to the Secretary of State for publication to electronically submit a report to the Legislature containing a copy of the rule or regulation, a general statement regarding the rule or regulation, and other required items.

In order to include this process in the Rules and Regulations promulgation system, an additional new workflow process will be needed. The IT vendor that developed the current Rules system estimates that the creation of this new workflow will have a one-time cost of \$22,500.

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			\$22,500	
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$22,500	