

# 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	See below	See below

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

LB 644 adopts the Foreign Adversary and Terrorist Agent Registration Act and the Crush Transnational Repression in Nebraska Act (Act). Sections 1 to 13 of this act shall be known and may be cited as the Foreign Adversary and Terrorist Agent Registration Act whose purpose is to provide transparency for the political and propaganda activities and influence operations of agents of adversary nations and foreign terror organizations in Nebraska as defined in the bill. Sections 14 to 21 of this act shall be known and may be cited as the Crush Transnational Repression in Nebraska Act whose purpose is to counter the threat and practice of transnational repression committed by foreign governments or foreign terrorist organizations against the citizens and residents of this state, and to counter the threat and practice of foreign government interstate harassment through extranational enforcement of foreign government laws and directives.

#### Attorney General:

The Act requires the Attorney General's (AGs) office to develop forms; retain documents of statements as public records to be available to the public for inspection; transmit statements to the United States Secretary of State; file bi-annual reports to the Nebraska Legislature; to create a portal on the AGs website to post monthly reports; and to adopt rules and regulations. Willful violations of the Act or rules promulgated under the Act are subject to civil penalties of up to fifty thousand dollars. The AGs office may seek injunctive relief against violators or an order directing compliance.

The AGs office would be required to assume new responsibilities and duties that currently do not align with the duties of any existing bureau in the AGs office. It is unknown how many persons may need to participate within the Act's registration requirements and the amount of staff time that will be needed to fulfill the other duties that will be required of the AGs office under the Act. It is likely that additional staff resources will be required but the increased costs are indeterminable.

#### Department of Administrative Services:

The Act, under section 11, also requires the Department of Administrative Services (DAS) to develop a form that each employee of the State of Nebraska or any state agency shall submit a signed affidavit to his or her employer attesting that the employee is not an agent of a foreign principal from an adversary nation or foreign terrorist organization. Section 26 modifies the Foreign Adversary Contracting Prohibition Act to include and define "unmanned aircraft", commonly known as a drone, and allows a public entity to enter into a contract for the procurement if such contract is entered into prior to July 1, 2022. After July 1, 2028, public entities would be prohibited from procuring any unmanned aircraft.

Additionally, the Act changes provisions of the Foreign Adversary Contracting Prohibition Act relating to certain allowed contracts. DAS would be responsible for all contracts for goods manufactured by a scrutinized company to ensure that procuring such good would not pose a threat to a state.

DAS would be able to absorb these functions with current resources. No fiscal impact.

#### Secretary of State:

LB 644, under section 11, requires all businesses and non-profits to file an annual form with the Secretary of State attesting compliance with the Foreign Adversary and Terrorist Registration Act.

In order for the Secretary of State to accomplish this, there would be additional costs to customize their filing software systems to process this new annual attestation and allow online filing. The Information Technologies vendors estimate the customization would have a one-time cost \$143,900 and would incur on-going annual maintenance costs of \$29,000.

Additionally, the Secretary of State anticipates that an additional seven FTEs would be needed to process the estimated 215,000 annual attestation forms annually. The personnel costs for the seven FTES, including benefits, equipment, supplies and technology costs are approximately \$465,000 annually.

It is noted that LB 644 does not provide for any filing fees to be received by the Secretary of State to offset the costs for filing the annual attestations. The Fiscal impact is anticipated to be \$614,600 in FY 2025-26 and \$490,355 in FY 2026-27.

#### **Nebraska State Patrol:**

The Act requires the Nebraska State Patrol (NSP) to prepare an empirical and qualitative report on the threats of transnational repression in Nebraska and electronically submit such report to the Legislature; develop a transnational repression recognition and response training to address emerging threats and specific information on tactics used by specific foreign principals; develop a centralized and convenient website that allows members of the public to report instances of transnational repression; and to conduct a public awareness campaign to inform the public as outlined in the bill. NSP is also required to electronically submit annual reports to the Legislature concerning complaints received on the website, the outcomes of such complaints, and any instances of interference by foreign principals in the reporting process with the first report on or before January, 1 2027.

The NSP estimates 200-250 incoming reports regarding suspicious activity to be made annually; however, the actual quantity of these reports is unknown at this time. For the basis of the fiscal note, the NSP estimated that 25 would be reported in a foreign language.

NSP anticipates an initial cost of \$5,000 to develop the required training, \$18,000 for a one-time public awareness campaign, \$10,000 for a one-time website translation service and \$5,000 for translation services for incoming data reported by the public for a total of \$38,000 in FY 2025-26. On-going translation services would be required for incoming reports in the amount of \$5,000 for FY 2026-27 and annually thereafter.

#### **Accountability and Disclosure Commission:**

The Act provide requirements under the Nebraska Political Accountability and Disclosure Act for a lobbyist engaged in lobbying activity or a consultant engaged in influencing activity on behalf of a Chinese military company. The Act requires that If lobbying activity is on behalf of a Chinese military company, every person employed, retained, or authorized as a consultant for a Chinese military company shall, before commencing any influencing activity in Nebraska, file a form prescribed by the Accountability and Disclosure Commission to include the information as described in the bill. Violations of the disclosure requirements would result in civil penalties of fifty thousand dollars payable to the Nebraska Political Accountability and Disclosure Commission.

The Accountability and Disclosure Commission (NADC) would have a new investigative responsibility through the enactment of the bill. The NADC would need to obtain the services of an independent investigator which could cost \$50,000. As this is a new area of potential investigation, the costs to the NADC are difficult to estimate but could be significant.

Additionally, as the bill is presently written, a reward of \$50,000 must be paid to any person who provided information that resulted in the finding of a violation. If a violation is found under this bill, the Commission may assess a civil penalty of \$100,000.00 against the violator. However, actual collection of the penalty may not be instantaneous, or could prove difficult. If the Commission awards \$50,000 to the informant, it becomes a claim against the state immediately whether the Commission whether or not the Commission has collected the \$100,000 civil penalty.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 644	AM:	AGENCY/POLT. SUB: Secretary of State	
REVIEWED BY:	Jacob Leaver	DATE: 2/14/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Secretary of State's estimated fiscal impact as a result of LB 644.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 644	AM:	AGENCY/POLT. SUB: Attorney General	
REVIEWED BY:	Jacob Leaver	DATE: 1/27/2025	PHONE: (402) 471-4173
COMMENTS: No basis to dispute the Attorney General's indeterminable fiscal impact as a result of LB 644.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 644	AM:	AGENCY/POLT. SUB: Nebraska State Patrol	
REVIEWED BY:	Jacob Leaver	DATE: 2/12/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the State Patrol's estimated fiscal impact as a result of LB 644.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 644	AM:	AGENCY/POLT. SUB: Department of Administrative Services	
REVIEWED BY:	Jacob Leaver	DATE: 2/12/2025	PHONE: (402) 471-4173
COMMENTS: Concur with the Department of Administrative Services' estimate of no fiscal impact as a result of LB 644.			

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

**2025**

**LB<sup>(1)</sup> 644**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Administrative Services (DAS) – Materiel  
Division; State Personnel Division

Prepared by: <sup>(3)</sup> Michelle Potts Date Prepared: <sup>(4)</sup> 1/15/2025 Phone: <sup>(5)</sup> 402-432-0121

**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	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

**Explanation of Estimate:**

LB 644 (Sec. 11) requires each employee of the State of Nebraska to submit a signed affidavit attesting that the employee is not an agency of a foreign principal from an adversary nation or foreign terrorist organization. The affidavit is to be in a form developed by the Department of Administrative Services (DAS) in consultation with the Attorney General.

LB 644 (Sec. 26) modifies the Foreign Adversary Contracting Prohibition Act to include and define “unmanned aircraft” and allows a public entity to enter into a contract for the procurement of unmanned aircraft if such contract is entered into prior to July 1, 2026. A public entity is prohibited from using any unmanned aircraft procured on or after July 1, 2028.

The Department of Administrative Services would be able to make such changes to current procedures utilizing existing resources and staffing.

LB 644 has 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>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</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.

2025

LB<sup>(1)</sup> 644

FISCAL NOTE

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

Prepared by: <sup>(3)</sup> Jay Bartel Date Prepared: <sup>(4)</sup> 1-26-25 Phone: <sup>(5)</sup> 402-471-2687

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				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate: LB 644 would create the Foreign Adversary and Terrorist Agent Registration Act. The Act would require persons acting as agents of foreign principals from adversary nations or foreign terrorist organizations to file registration statements with the Attorney General. The statements must be filed under oath on a form prescribed by the Attorney General. The form requires specific information and such other statements or information the Attorney General may require. There are provisions requiring the Attorney General to: (1) Retain copies of statements as public records available for inspection; (2) Transmit statements to the United States Secretary of State; and (3) Report to the Legislature every six months concerning administration of the Act. The Attorney General must also create a portal on the AG's website with information about each registrant and their activities and post a monthly report on the portal. Willful violations of the Act or any rules promulgated under the Act are subject to civil penalties, and the AG can seek injunctive relief against violators or an order directing compliance. There are also provisions allowing the Attorney General to adopt rules and regulations.

This Act creates new responsibilities and duties on the AG that do not fit within the duties of any existing bureau. To implement the Act, we would need to decide which bureau would be responsible, or if it should be handled separate from any bureau. Without knowing just how many persons may fit within the Act's registration requirements, it is difficult to assess fiscal impact. These are all new duties that will no doubt take attorney and staff time to create forms, make changes to our website, perform reporting functions, and handle enforcement. Increased costs cannot be readily quantified at this time.

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>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				

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

2025

LB<sup>(1)</sup> 644

FISCAL NOTE

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

Prepared by: <sup>(3)</sup> Carol Aversman Date Prepared: <sup>(4)</sup> 02/07/2025 Phone: <sup>(5)</sup> 402-471-4545

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

	FY 2025-26		FY 2026-27	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$38,000		\$5,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$38,000</u>		<u>\$5,000</u>	

**Explanation of Estimate:**

LB 644 adopts the Foreign Adversary and Terrorist Agent Registration Act and the Crush Transnational Repression in Nebraska Act. The bill requires the State Patrol to perform a number of functions including the following on or before 1/1/2026 (1) prepare an empirical and qualitative report on the threat of transnational repression in Nebraska and electronically submit such report to the Legislature, (2) develop a transnational repression recognition and response training, (3) develop a centralized and convenient website that allows members of the public to report instances of transnational repression including options for reporting in languages commonly spoken in Nebraska, and (4) conduct a public awareness campaign to inform the public how to identify and report instances of transnational repression, how to use the website created, and the tools and remedies available to victims of transnational repression. The Patrol is also required to electronically submit a report to the Legislature on or before 1/1/2027 concerning complaints received on the website, the outcomes of such complaints, and any instances of interference by foreign principals in the reporting process.

The Patrol estimates total costs of \$38,000 to meet the requirements of the bill in FY 2025/2026, and \$5,000 in FY 2026/2027. This includes the initial costs of \$5,000 to develop the training required, \$18,000 for a one-time public awareness campaign, \$10,000 for one-time set-up website translation services (assumes 2 web pages @\$200 per page for 25 languages), and \$5,000 for translation services for incoming data reported by the public of incidences of transnational repression (assumes 1 page @ \$200 per page for 25 instances reported in a foreign language). The translation services for incoming reports represent ongoing costs that would also occur in FY 2026/2027. Note that the Patrol estimates the total population of incoming suspicious activity reports (of all types) made by the public to be 200-250 per year. The Patrol estimates that 25 of these will be related to transnational repression and reported in a foreign language. This represents roughly 10-12% of the total reports that the Patrol estimates it will receive from the public. At this time, it is unknown what the actual quantity of these reports will be, and the amount could be more or less. However, for purposes of preparing the fiscal note 25 was used as an estimate.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

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.....			\$38,000	\$5,000
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$38,000</u>	<u>\$5,000</u>

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

Prepared by: <sup>(3)</sup> David Hunter

Date Prepared: <sup>(4)</sup> 2/14/2025

Phone: <sup>(5)</sup> 402-471-2522

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	100,000.00		100,000.00	
CASH FUNDS		100,000.00		100,000.00
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	100,000.00	100,000.00	100,000.00	100,000.00

Explanation of Estimate:

Enactment of this bill would place a new investigative responsibility on the Nebraska Accountability and Disclosure Commission (NADC). The NADC would need to obtain the services of an independent investigator which could cost \$50,000. Because this is a new area of potential investigation, the costs to the NADC are difficult to estimate but could be large.

Additionally, as the bill is presently written, a reward of \$50,000 must be paid to any person who provided information that resulted in the finding of a violation.

If a violation is found under this bill, the Commission may assess a civil penalty of \$100,000.00 against the violator. However, actual collection of the penalty may not be instantaneous, or could prove difficult. If the Commission awards \$50,000 to the informant, it becomes a claim against the state immediately whether the Commission has collected the \$100,000 civil penalty or not.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

**2025**

**LB<sup>(1)</sup> 644**

**FISCAL NOTE**

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

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

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

	<b><u>FY 2025-26</u></b>		<b><u>FY 2026-27</u></b>	
	<b><u>EXPENDITURES</u></b>	<b><u>REVENUE</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>REVENUE</u></b>
GENERAL FUNDS	<u>\$614,600</u>	<u></u>	<u>\$490,355</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>\$614,600</u>	<u></u>	<u>\$490,355</u>	<u></u>

**Explanation of Estimate:**

Section 11, subsection 2, of LB644 requires, "all businesses and nonprofit organizations" to file an annual form with the Secretary of State attesting "that they are cognizant of and in compliance with the Foreign Adversary and Terrorist Agent Registration Act." In order to perform the aforementioned new duties, there would be additional costs to customize our filing system software to process this new annual attestation form and allow for online filing. The current system IT vendors estimate the customization will cost \$143,900 and increase annual maintenance costs by \$29,000 ongoing.

Additionally, it is anticipated that an additional seven FTE's would be needed to process the more than 215,000 annual attestation forms required, which is equivalent to the amount of business entity and UCC filings currently processed each year. The salaries, benefits, equipment, supplies, and technology costs for these seven additional FTE's is estimated to cost approximately \$465,000 per year ongoing.

LB644 does not provide for any filing fees to be received by the Secretary of State to offset the costs for filing the annual attestations; therefore, we would need general funds to perform this function.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<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>
Administrative Technician	<u>7.0</u>	<u>7.0</u>	<u>\$316,000</u>	<u>\$331,800</u>
Benefits.....			<u>\$110,660</u>	<u>\$116,130</u>
Operating.....			<u>\$167,000</u>	<u>\$42,425</u>
Travel.....				
Capital outlay.....			<u>\$21,000</u>	
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$614,600</u>	<u>\$490,355</u>