

7/11/11

PREPARED BY: Doug Nichols
DATE PREPARED: January 27, 2011
PHONE: 471-0052

LB 452

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	114,100	See Below	114,100	See Below
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	114,100		114,100	

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

This bill would provide for lottery winnings and tax refund intercept for debts owed to a court.

The Department of Revenue (DOR) estimates a one-time cost of \$114,100 for computer programming costs. Their response follows:

LB 452 requires the Department to offset income tax refunds against any debt (unsatisfied court cost, fine, fee, or other sum of \$25 or more) certified by the State Court Administrator as owing to the court. LB 452 also requires the Department to offset lottery awards over \$500 against these same debts. It sets forth an offset procedure for Lottery to follow in cooperation with Administrative Services and the State Court Administrator. The bill also provides an appeal process and hearing for a debtor to contest the offset. The offset is similar to the offset procedure that the Department uses for the Department of Health and Human Services offsets in sections 77-27,160 to 77-27,153.

The bill is not expected to have a revenue impact on the General Fund.

Departmental cost to implement the bill includes one-time General Fund costs to Program 102. These costs include \$100,500 in mainframe programming costs, and \$13,600 to modify a transaction processing system. As drafted, the offset procedure will require programming changes for the individual, corporate, and fiduciary income tax programs.

The Supreme Court estimates that General Fund and cash fund revenue and expenditures may increase under this bill but at this time the impact is unknown. Their response follows:

LB 452 has the potential to increase revenue to the General Fund, several cash funds that receive court fees and political subdivisions such as school districts and counties. Expenditures will also increase to implement and administer the collection system. However, it is difficult to estimate revenue since the type of fees and fines collected and the amount that can reasonably be collected is not known. In addition, the expenses of implementing the system vary significantly based on how the system is structured.

Administrative Services states that the process for withholding debt of the court system would be similar to that of payroll garnishments. The cost to process individual garnishments is minimal, approximately \$40 per occurrence and charged back to the court system. A more exact cost would be determined for this project once more details of the process were analyzed. These costs would be charged back to the court system. Administrative Services further states that it is assumed all costs associated with the technology development for this process would be assumed by the court system. Therefore, there would be no cost to State Accounting.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	1/27/11	PHONE	471-2526
COMMENTS					
DEPT. OF ADMINISTRATIVE SERVICES – No basis upon which to disagree.					

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JAN 27 2011

LEGISLATIVE FISCAL

2011

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

LB⁽¹⁾ 452 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Supreme Court

Prepared by: ⁽³⁾ Eric Asboe Date Prepared: ⁽⁴⁾ 1/25/11 Phone: ⁽⁵⁾ 1-4138

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2011-2012</u>		<u>FY 2012-2013</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

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

LB 452 has the potential to increase revenue to the General Fund, several cash funds that receive court fees and political subdivisions such as school districts and counties. Expenditures will also increase to implement and administer the collection system. However, it is difficult to estimate revenue since the type of fees and fines collected and the amount that can reasonably be collected is not known. In addition, the expenses of implementing the system vary significantly based on how the system is structured.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2011-2012 EXPENDITURES</u>	<u>2012-2013 EXPENDITURES</u>
	<u>11-12</u>	<u>12-13</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

JAN 27 2011

LB 452

LEGISLATIVE FISCAL

Fiscal Note 2011

State Agency Estimate

State Agency Name: Department of Revenue Date Due LFA: 1/26/2011
 Approved by: Douglas Ewald Date Prepared: 1/25/2011 Phone: 471-5700

	FY 2011-2012		FY 2012-2013		FY 2013-2014	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$114,100					
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$114,100					

LB 452 requires the Department to offset income tax refunds against any debt (unsatisfied court cost, fine, fee, or other sum of \$25 or more) certified by the State Court Administrator as owing to the court. LB 452 also requires the Department to offset lottery awards over \$500 against these same debts. It sets forth an offset procedure for Lottery to follow in cooperation with Administrative Services and the State Court Administrator. The bill also provides an appeal process and hearing for a debtor to contest the offset. The offset is similar to the offset procedure that the Department uses for the Department of Health and Human Services offsets in sections 77-27,160 to 77-27,153.

The bill is not expected to have a revenue impact on the General Fund.

Departmental cost to implement the bill includes one-time General Fund costs to Program 102. These costs include \$100,500 in mainframe programming costs, and \$13,600 to modify a transaction processing system. As drafted, the offset procedure will require programming changes for the individual, corporate, and fiduciary income tax programs.

Major Objects of Expenditure

<u>Class Code</u>	<u>Classification Title</u>	<u>11-12 FTE</u>	<u>12-13 FTE</u>	<u>13-14 FTE</u>	<u>11-12 Expenditures</u>	<u>12-13 Expenditures</u>	<u>13-14 Expenditures</u>
	Benefits.....						
	Operating Costs.....				\$114,100		
	Travel.....						
	Capital Outlay.....						
	Aid.....						
	Capital Improvements.....						
	Total.....				\$114,100		

2011 Legislative Bill Proposal Fiscal Note

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JAN 25 2011
LEGISLATIVE COUNCIL

Bill #: 452
State Agency: Administrative Services
Prepared by: Michael J Keays
Approved by:

Date Prepared: 1/24/11

Phone: 471-0600

Estimate of Fiscal Impact – State Agencies

	FY 2011-12		FY 2012-13	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds				
Federal Funds				
Other Funds				
Total Funds				

Explanation of Estimate:

The intent of LB452 to establish and maintain a procedure to set off against a debtor's income tax refund or state lottery prize any debt owed to the Nebraska court system which has accrued as a result of an individual's failure to pay court costs, fines, fees, or other sums ordered by a court. The Department of Revenue, the Department of Administrative Services, and the State Court Administrator shall cooperate in the development and implementation of a collection system to carry out the intent of LB452.

The process for withholding debt of the Nebraska court system would be similar to that of payroll garnishments currently being deducted prior to warrants being produced. The cost to process an individual garnishment is minimal, approximately \$40 per occurrence and charged back to the Nebraska court system. A more exact cost for each transaction would be determined for this project once more details of the process were analyzed. These costs would be charged back to the State court system. In addition it is assumed that all costs associated with the technology development for this process would be assumed by the Nebraska court system. There would be no additional costs to State Accounting.

Major Objects of Expenditure

Personal Services:

Position Title:	Number of Positions			2011-12	2012-13
	11-12	12-13		Expenditures	Expenditures
Benefits					
Operating					
Travel					
Capital Outlay					
Aid					
Capital Improvements					
TOTAL					