

Revised to correct revenue estimate.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	40,000	129,120	40,000	134,540
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	40,000	129,120	40,000	134,540

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

LB 242 would provide that on August 1, 2015, the fee imposed upon all dry beans sold in the state and marketed through commercial channels would increase from 10 cents per hundredweight to 15 cents per hundredweight. Beginning January 1, 2017, the maximum fee that could be assessed by the Dry Bean Commission would be 24 cents per hundredweight. LB 242 would also allow license fees, royalties and repayments to be deposited in the Dry Bean Development, Utilization, Promotion and Education Fund.

There is no basis to disagree with the agency estimate that the August 1, 2015 fee increase would result in an additional \$40,000 in cash fund expenditures. Revenue estimates range from \$130,000 to \$135,000. While the maximum fee would increase on January 1, 2017, it is anticipated that the Commission would not increase the fee until additional revenue is required to carry out the purposes of the act. Provisions allowing license fees, royalties and repayments to be deposited in the cash fund may result in additional revenue, but the amount cannot be estimated.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 242	AM:	AGENCY/POLT. SUB: Nebraska Department of Agriculture	
REVIEWED BY: Cindy Miserez		DATE: 02/01/2015	PHONE: 402-471-4174
COMMENTS: I concur with the Nebraska Department of Agriculture's statement of fiscal impact for LB242.			

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 242	AM:	AGENCY/POLT. SUB: Nebraska Dry Bean Commission	
REVIEWED BY: Cindy Miserez		DATE: 02/02/2015	PHONE: 402-471-4174
COMMENTS: The Governor's recommendation in LB657 for the Nebraska Dry Bean Commission's FY2015-16 cash fund appropriation is \$388,984 in FY2015-16 and \$390,059 cash fund appropriation in FY2016-17. LB242 does not specify or require an increase in expenditures. The change in revenue of FY2016-17 over FY2015-16 agrees with the data in the fiscal note. I am unable to reconcile the revenue change shown in the upper box to the change in the exhibit data of FY2015-16 over FY2014-15.			

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

2015

LB⁽¹⁾ 242

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Agriculture

Prepared by: ⁽³⁾ Robert Storant

Date Prepared: ⁽⁴⁾ 01/29/2015

Phone: ⁽⁵⁾ 402-471-6821

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</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 242 increases the Dry Bean Commission check-off fee rate effective August 1, 2015, repeals the current refund provision and expands the use of the Dry Bean Development, Utilization, Promotion and Education Fund. The Department contracts with the Commission for administrative services, including performing fee collection duties and processing refund requests. The Department will have a minimal increase in costs to provide notification of the fee change, and update our computer data base. Fees are collected on a calendar quarter basis. Since the rate increase under this bill would incur during the middle of a calendar quarter it will be necessary to do two collections, one for the month of July and one for the months of August – September. These are one-time costs for FY 2015-16. This increase in cost will be somewhat offset by no longer handling and processing refunds. With the revolving fund appropriation increase reflected in the Departments biennium budget request adequate appropriation would be available.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</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.

2015

LB⁽¹⁾ LB 242

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Dry Bean Commission

Prepared by: ⁽³⁾ Lynn Reuter

Date Prepared: ⁽⁴⁾ 02/2/15

Phone: ⁽⁵⁾ 308-632-1258

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	40,000	129,120	40,000	134,540
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>40,000</u>	<u>129,120</u>	<u>40,000</u>	<u>134,540</u>

Explanation of Estimate:

LB 242 amends the Dry Bean Resources Act by increasing the fee paid by growers and first purchasers of dry beans grown in the state. The total fee would increase from 10¢ per hundredweight to 15¢ per hundred weight effective August 1, 2015. After January 1, 2017, the Commission can further increase the fee up to 24¢ or reduce the fee. Following are charts reflecting the estimated cash flow, the fee increase would generate. This is based on the actual fees received from FY 2009/10 through FY 2013/14.

DESCRIPTION	FY 2009/10	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	Projected FY 2014/15	Projected FY 2015/16	Projected FY 2016/17
BEGIN BALANCE	259,472.44	264,383.20	195,119.68	138,080.80	103,625.90	54,557.17	36,460.50	48,490.50
REVENUE:								
Dry Bean Fees	284,984.88	271,521.56	246,456.30	267,235.80	289,607.15	324,000.00	401,080.00	406,500.00
Investment Interest	8,391.04	7,890.26	4,927.92	2,868.02	1,798.55	1,700.00	1,700.00	1,700.00
Reimbursements	2,750.10	4,626.31	2,862.08	862.50	3,091.66	0.00	0.00	0.00
Total Revenue	296,126.02	284,038.13	254,246.30	270,966.32	294,497.36	325,700.00	402,780.00	408,200.00
REFUND PROGRAM:								
Grower Refund Exp	7,421.41	6,537.86	6,787.08	7,178.76	4,439.74	8,000.00	667.00	0.00
Processor Refund Exp	0.00	229.40	0.00	124.79	0.00	1,000.00	83.00	0.00
Total Refund Exp	7,421.41	6,767.26	6,787.08	7,303.55	4,439.74	9,000.00	750.00	0.00
Refund %	2.6%	2.5%	2.8%	2.7%	1.5%	2.8%	0.2%	0.0%
TOTAL CASH	548,177.05	541,654.07	442,578.90	401,743.57	393,683.52	371,257.17	438,490.50	456,690.50
EXPENDITURES:								
ADMINISTRATION	45,517.62	47,731.40	47,765.03	48,684.35	46,046.81	54,232.00	63,174.11	64,793.95
PROMO/ED EXP:	63,278.93	96,775.88	75,048.33	58,860.54	61,669.41	55,000.00	64,068.74	65,711.53
GRANT EXPENSE:	149,756.00	177,258.00	160,820.00	166,013.86	209,242.34	201,008.67	234,152.21	240,156.12
BOARD EXPENSES	18,664.80	18,081.01	13,929.12	18,613.28	15,526.36	16,500.00	19,220.62	19,713.46
DEPT OF AG CON	6,576.50	6,688.10	6,935.62	5,945.64	6,641.43	8,056.00	9,384.32	9,624.94
Total Expenditures	283,793.85	346,534.39	304,498.10	298,117.67	339,126.35	334,796.67	390,000.00	400,000.00
ENDING BALANCE	264,383.20	195,119.68	138,080.80	103,625.90	54,557.17	36,460.50	48,490.50	56,690.50

Nebraska Dry Bean Industry Historical Data

Crop Year	Planted --1,000 acres--	Harvested	Yield Pounds per acre	Production 1,000 cwt	Season average price	Annual Check-off	Value of Production	Check-off % of Production
2004	120.0	110.0	2,160	2,376	\$ 22.80	\$254,205	\$54,173,000	0.47%
2005	175.0	172.0	2,250	3,870	\$ 17.30	\$335,952	\$66,951,000	0.50%
2006	140.0	124.0	2,200	2,728	\$ 21.30	\$301,653	\$58,106,000	0.52%
2007	110.0	107.0	2,260	2,418	\$ 29.90	\$258,992	\$72,298,000	0.36%
2008	135.0	126.0	2,290	2,885	\$ 35.70	\$255,131	\$102,995,000	0.25%
2009	130.0	117.0	2,100	2,457	\$ 30.70	\$284,985	\$75,553,000	0.38%
2010	170.0	155.0	2,060	3,193	\$ 27.00	\$271,522	\$86,211,000	0.31%
2011	110.0	105.0	2,000	2,100	\$ 42.60	\$246,456	\$89,460,000	0.28%
2012	145.0	130.0	2,400	3,193	\$ 38.80	\$267,236	\$123,888,000	0.22%
2013	130.0	117.0	2,350	2,750	\$ 43.80	\$289,607	\$117,700,000	0.25%

The appropriation request is based upon an average of recent crop years with 10% added for potential increase in acres, yield and fluctuation in price that could affect when dry beans are marketed. This is the basis for an increase in cash fund appropriation of \$40,000. The agency biennium budget request is \$400,000, making a total cash fund appropriation of \$440,000. This amount reflects no adjustment to the fee rate during the next biennium. The bill in Section 4 outright repeals 2-3760 related to refunds. The information provided above shows the current refunds have been approximately 2% of the fees received. The fiscal impact of refunds is minimal based upon the current fee rate.

In Section 3 of the bill, the Commission can receive license fees, royalties, or any repayments related to the fund. A large percentage of research funds expended by the Commission to the University of Nebraska (UNL) relate to new and improve varieties. As patents are approved for new varieties UNL currently receives all royalty fees. If a percent of these are returned to Commission, they can be controlled by the Commission and reinvested in areas the Commission believes are most appropriate. No estimate is available of how much additional revenue this could generate.

The bill also updates the Act related to the annual report and would require a copy be provide to the Clerk of the Legislature.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2015-16 EXPENDITURES	2016-17 EXPENDITURES
	15-16	16-17		
Benefits.....				
Operating.....			40,000	40,000
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			40,000	40,000