

PREPARED BY: Scott Danigole
 DATE PREPARED: January 14, 2020
 PHONE: 471-0055

LB 960

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 960 amends 18-2802 so that funds expended for and revenue generated from a proprietary function for a municipality shall only be used for purposes related to such function.

The City of Lincoln estimates the impact of LB 960 will be a General Fund revenue decrease of \$3,100,000. This is due to the city's use of proprietary funds charged with overhead costs for city services from city departments including Law, Human Resources, Finance, and more. In addition, Lincoln Electric System, as an entity of the City of Lincoln, provides the city a dividend. The provisions of LB 960 will result in an estimated loss to the city's general fund revenue between \$7,000,000 and \$8,000,000. There is no basis to disagree with these estimates.

It is likely that other political subdivisions will experience similar losses from LB 960.

No fiscal impact to the state.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 960	AM:	AGENCY/POLT. SUB: Auditor of Public Accounts	
REVIEWED BY: Lee Will	DATE: 01/16/2020	PHONE: (402) 471-4175	
COMMENTS: Concur with the Auditor's assessment of no additional fiscal impact.			

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

2020

LB⁽¹⁾ 960

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Auditor of Public Accounts

Prepared by: ⁽³⁾ Mary Avery Date Prepared: ⁽⁴⁾ 01/14/2020 Phone: ⁽⁵⁾ 402-471-3686

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</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 960, as currently written, changes accounting of income provisions and provide a requirement for use of funds under the Municipal Proprietary Function Act.

Any work necessary will be absorbed using the existing appropriations of Agency 010, Auditor of Public. At this time, there would be no additional fiscal impact to Agency 010-Auditor of Public Accounts.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</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.

2020

LB⁽¹⁾ 960

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Lincoln

Prepared by: ⁽³⁾ James Van Bruggen Date Prepared: ⁽⁴⁾ 2/7/20 Phone: ⁽⁵⁾ 402-441-8301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</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:

Limiting the City of Lincoln's ability to utilize proprietary funds will have a fiscal impact. A majority of funds, including proprietary funds, within the city are charged with overhead costs for the services from city departments such as Law, Human Resources, Finance, and more. These central service charges are determined through a cost allocation plan which is a more efficient way of doing business than tracking billable hours and administrating a bill for services program. General Fund revenue would be reduced by an estimated \$3.1 million. Additionally, Lincoln Electric System, as an entity of the City of Lincoln, provides the city a dividend and a loss of general fund revenue is estimated at \$7,000,000 to 8,000,000.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____