

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		(36,899)		(34,869)
FEDERAL FUNDS				
OTHER FUNDS	See Below		See Below	
TOTAL FUNDS	See Below	(36,899)	See Below	(34,869)

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

LB 445 amends statute in the following ways:

- It creates the State Building Construction Alternatives Act. This act allows the State Building Division to utilize the design - build contract or a construction manager-general contractor contract for state buildings. It outlines the guidelines for such contracts and outlines the selection process.
- It increases the construction project threshold requiring a professional consultant from \$50,000 to \$75,000 and allows for adjustments every four years.
- It alters the requirement of a report on availability of state-owned property to be “upon request” instead of annual.
- It removes language authorizing the Nebraska Arts Council to collect a fee to facilitate art acquisition for new public structures.

The Department of Administrative Services (DAS) indicates there will be savings across state government on some projects that will no longer require a consultant, although the total savings is unknown. DAS also indicates a loss of revenue for the Arts Council.

The Nebraska Arts Council (NAC) estimates a loss of revenue in each fiscal year. (\$36,899) in FY 26 and (\$34,869) in FY 27. This revenue is currently being used to maintain the State of Nebraska’s Art collection.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 445	AM:	AGENCY/POLT. SUB: Department of Administrative Services (DAS)
REVIEWED BY: Ryan Walton	DATE: 2/3/2025	PHONE: (402) 471-4174
COMMENTS: The DAS’ assessment of indeterminate fiscal impact from LB 445, appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 445	AM:	AGENCY/POLT. SUB: Arts Council
REVIEWED BY: Ryan Walton	DATE: 1/31/2025	PHONE: (402) 471-4174
COMMENTS: The Arts Council’s assessment of fiscal impact from LB 445, appears reasonable.		

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

2025

LB⁽¹⁾ 445

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – State Building Division, Task Force for Building Renewal, and Enterprise

Prepared by: ⁽³⁾ Sarah Skinner Date Prepared: ⁽⁴⁾ 1/22/2025 Phone: ⁽⁵⁾ 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>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	<u>See Below</u>	=====	<u>See Below</u>

Explanation of Estimate:

LB 445 establishes the State Building Construction Alternatives Act to authorize the Department of Administrative Services (DAS) - State Building Division and state agencies to utilize Construction Manager-General Contractor and Design-Build methods. LB 445 outlines the process for each of the methods that could be used.

Section 20 increases the construction project threshold requiring a professional consultant from \$50,000 to \$75,000 and allows for inflationary adjustments every four years. The bill also amends State Building Division duties to provide a report of property leased and available state-owned property at the request of the Legislature and eliminates the monthly reporting time-cost data.

LB 445 also eliminates the requirement that 1% of the appropriation of construction projects for public buildings be designated to artwork.

The Construction Alternatives Act would provide other methods for project delivery with the potential to result in cost savings to the state. Design-Build cost savings estimates range from 6-20% over the traditional design-bid-build method. These alternative methods would be used for large, complex, extended projects, or those on a tight schedule to more accurately manage and estimate project costs. Two projects in the past two years have been designed and received cost prohibitive construction bids, requiring re-design and the associated costs, which these methods would be intended to prevent. Exact savings cannot be determined.

The DAS Task Force for Building Renewal estimates that in the past five years approximately \$100,000 was spent on projects over \$50,000 and under \$75,000 requiring a professional consultant. This is a sample of savings that could be replicated across other agencies' projects where a consultant was required for a project above \$50,000, but the exact savings across all agencies is unknown. Such estimate would approach \$500,000 for the past five years (DAS-State Building Division, NE Department of Correctional Services, NE Game and Parks Commission, NE Department of Transportation, NE Military Department, among other smaller agencies) Savings could be seen across various fund types – General, cash, revolving, federal and the Nebraska Capital Construction Fund (NCCF).

During FY23-25, one capital construction project of four managed by DAS – State Building Division met the requirements for the 1% art fee totaling \$24,637.

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.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

2025

LB⁽¹⁾ 445

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Arts Council

Prepared by: ⁽³⁾ Mike Markey Date Prepared: ⁽⁴⁾ 1/28/2025 Phone: ⁽⁵⁾ 402-595-3941

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	_____	(36,899)	_____	(34,869)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	(36,899)	=====	(34,869)

Explanation of Estimate:

This bill, as written would end a revenue stream for the Arts Council through the 1% for Art Program (sec. 82-317 through 82-329; 85-106 to 85-106.03 and 85-304 to 85-304.03) The revenue is dependent upon appropriations legislated for new construction or renovations of buildings open to the public. (a small number of the total building appropriations). Our fee, for facilitating the artist selection process, is 5% of the agreed upon 1% project budget, i.e. 1% of the appropriation, less all 1% project expenses (sec. 82-318, 1).

Last year, the total fees received were \$4,828. We have several projects scheduled in the next couple of years, the revenue from which would \$36,899 in FY25-26 and \$34,869 in FY26-27.

Without revenue from the 1% program, we would not be able to provide maintenance of the 1% for Art inventory, as required by statute (sec. 82-326, 82-329). The revenue that we receive is used to maintain and repair the current inventory of 1% for Art pieces around the state. Currently there are more than 800 pieces of art, some more than 40 years old. The installed value of the art is close to \$7million. The assessed value is much higher. Should the 1% for Art program be eliminated, those maintenance funds would dry up, and the cost to the state to maintaining the inventory would have to be met in some other way.

There were no repair projects last year, but we are currently providing more than \$8,000 worth of maintenance for the I-80 Bicentennial Sculpture Project. We anticipate at least one repair project in FY25-26, estimated at \$10,000 and more repair projects in FY26-27, estimated to cost approximately \$18,000.

Elimination of the program would not eliminate any staff positions. The Arts Council teammate who oversees that program spends the majority of her time administering, evaluating, and maintaining the current inventory, as directed by state statute (sec. 82-329), as well as other agency duties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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

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

2025

LB ⁽¹⁾ 0445 ~~Adopt the State Building Construction Alternatives Act and change and eliminate provisions regarding planning, bidding, construction, and procurement of art for state buildings~~

FISCAL NOTE

State Agency OR Political Subdivision Name:⁽²⁾ University of Nebraska System

Prepared by:⁽³⁾ Anne Barnes

Date Prepared:⁽⁴⁾ 02/04/2025

Phone:⁽⁵⁾ (402) 559-6300

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	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
CASH FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FEDERAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
OTHER FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL FUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Explanation of Estimate:

No Fiscal Impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025 - 26 EXPENDITURES</u>	<u>2026 - 27 EXPENDITURES</u>
	<u>25 - 26</u>	<u>26 - 27</u>		
	<u>0</u>	<u>0</u>		
	<u>0</u>	<u>0</u>		
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				