

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS	See below	See below	See below	See below
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 654 would amend existing law to provide that on January 1, 2014, the entire state would be included in the brand inspection area. This would result in an increased workload for the Nebraska Brand Committee, and would generate additional revenues. If 654 became law without the emergency clause, the agency would have from approximately September 2013 until December 31, 2013 to prepare for implementation. Preparation costs would include relocating existing staff as needed to supervise new employees, hiring and training new inspectors, informing cattle producers, auction markets and packing plants currently outside the brand inspection area of the requirements of the Brand Inspection Act, locating offices and furnishing offices, and revising existing agency informational documents to reflect statewide application of the Act.

At the present time, the balance of the agency cash fund is not sufficient to cash flow the expenses involved in expanding the brand inspection area. The agency fiscal note estimates costs to phase in the application of the program over a two to four year time period, but because LB 654 requires a 2014 operative date, implementation would have to be carried out in a much shorter period of time. It is estimated that start-up costs would require a General Fund appropriation.

Based upon 5,100,000 cattle marked in the state annually, with the sale of approximately 3,800,000 cattle currently subject to inspection by the Brand Committee, there will be a 34% increase in the number of cattle inspected. The current budget for the Brand Committee is \$4,200,000 cash funds, and it is estimated that base level ongoing costs may increase by \$1,500,000 to \$1,750,000. However, initial costs for training, public outreach, the establishment of offices and other administrative expenses may total an additional \$250,000 to \$500,000. As a result, a General Fund appropriation of \$1,750,000 to \$2,250,000 may be required in FY2013-14 until revenue can be generated from brand inspections, brand registrations and mileage reimbursements.

Assuming that an additional 1,300,000 cattle are subject to the brand inspection fee of 75 cents per head and that mileage reimbursements and brand registration fees result in an additional \$200,000 in revenue, total revenue generated by the expansion may total \$1,200,000. However, until the program is fully implemented and all individuals subject to the act are in compliance, the full amount of revenue that could be generated may not be realized in the initial years of the expansion.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 654	AM:	AGENCY/POLT. SUB: Nebraska Brand Committee	
REVIEWED BY: Cindy Miserez	DATE: 2/8/2013	PHONE: 402-471-4174	
COMMENTS: The effective date of LB654 is January 1, 2014. The Nebraska Brand Committee's fiscal note does not describe achievement of their statutory requirements for the entire state of Nebraska on January 1, 2014.			

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

2013

LB⁽¹⁾ 654 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Brand Committee

Prepared by: ⁽³⁾ Beverly Preble Date Prepared: ⁽⁴⁾ 2/1/2013 Phone: ⁽⁵⁾ 308/763-2930

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	1,045,039	-0-	77,765	-0-
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>1,045,039</u>	<u>-0-</u>	<u>77,765</u>	<u>-0-</u>

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

Explanation of Estimate: Our projections for EXPENSES FOR ONE YEAR ABOVE OUR EXISTING BUDGET is being provided based on current salary and mileage rates. We would promote in-house personnel for (1) Training Instructor and (1) Area Investigator and relocate (25) current full-time inspection personnel for inspection, training and investigation/supervision in the expanded brand inspection area. That expenditure total is reflected in the cash funds figure of \$1,045,039. The Major Objects of Expenditure listed below are projected costs to replace the (27) full-time personnel plus (25) new Intermittent Inspectors and (2) Clerical Assistants for the headquarters office for an additional \$2,026,763. TOTAL \$3,071,802 expense.

Expenses would be incurred to relocate personnel, additional mileage reimbursement for (50) inspectors, additional office rental and office equipment, investigator agency purchased vehicle, law enforcement training and equipment for an additional investigator. There would be travel expenses to hold training and educational seminars to educate the cattle owning people, packing plants and auction markets on the brand inspection laws and requirements. Travel expenses for an additional investigator.

It is believed that anywhere from two to four years transition period be provided in the legislation in order to train and equip personnel, relocate current trained personnel, expand training centers, expand record keeping facilities, educate the persons affected by the impact of this legislation, and make necessary arrangements with neighboring states that would be affected.

Obviously, there would be no appreciable amount of revenue derived from outside the present Brand Inspection Area until such time as personnel were trained and relocated, equipment purchased and facilities made ready for implementation. This would require at least one year, and possibly two or three. This would require GENERAL FUND APPROPRIATION to fund the expansion of the brand inspection area before we could become a completely self-supporting cash fund agency.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Clerical Assistants	2		42,720	6,120
NBC Emp I & Intermittent Inspectors	27 & 25		992,531	28,836
Benefits.....			571,395	12,845
Operating.....			90,742	3,064
Travel.....			324,875	5,750
Capital outlay.....			4,500	
Aid.....				
Capital improvements.....				
TOTAL.....			<u>2,026,763</u>	<u>56,615</u>

Without history to utilize, there is no totally accurate method available to us at this time upon which to base anticipated revenue and expense should legislation be adopted to place mandatory inspection of cattle for the entire state of Nebraska. However, using what information we do have available, our projections for expenses for one year above our existing budget would be as follows:

PERSONNEL:

	27 New Full-Time <u>Inspectors</u>	25 New Intermittent <u>Inspectors</u>	2 New Headquarters <u>Office Staff</u>	Promote (2) - Training Instr/ <u>Investigator</u>	Relocate 25 <u>Inspectors</u>
Salaries	\$ 753,948	\$238,583	\$42,720	\$ 6,468	\$ 59,100
Social Security	57,677	18,250	3,268	495	4,492
Health Insurance	469,584	-----	41,808	-----	-----
Group Life Ins.	324	-----	24	-----	-----
Workers Comp	8,410	2,661	476	72	659
Retirement	56,456	-----	3,199	484	4,425
Relocation Bonus ⁷ -					72,074
Retirement Exp -					5,397
Social Security -					5,514
	<u>\$1,346,399</u>	<u>\$ 259,494</u>	<u>\$91,495</u>	<u>\$ 7,519</u>	<u>\$151,661</u>

New hires & promoted personnel agency costs & benefits - **\$1,856,568**

Relocation/Moving/Salary Step Increases Expenses - 27 employees	\$ 248,669
Added Mileage Reimbursement Expense (50 new inspectors)	\$ 898,419
Inspection & Office Equipment and Supplies	\$ 8,300
Office Equipment - Headquarters	\$ 6,500
Investigator - Agency Purchased Vehicle	\$ 24,000
Investigator Law Enforcement Training & Equipment	\$ 12,000
Office Rent & Expenses	\$ 8,200
Executive Director's Educational Meeting Travel Expense	\$ 1,200
Area Investigator's Travel Expense & Vehicle Depr./Maintenance	<u>\$ 7,946</u>
	\$1,215,234

These figures based on current salary & mileage rate ESTIMATE **\$3,071,802**

The educational meeting expense would be training and educational seminars to educate the cattle owning people, packing plants, and auction markets on the brand inspection laws and requirements.

It is believed at this time that anywhere from two to four years transition period be provided in the legislation in order to train and equip personnel, relocate current trained personnel, expand training centers, expand record keeping facilities, educate the persons affected by the impact of this legislation, and make necessary arrangements with neighboring states that would be affected.

Obviously, there would be no appreciable amount of revenue derived from outside the present Brand Inspection Area until such time as personnel were trained and relocated, equipment purchased and facilities made ready for implementation. This would require at least two years, and possibly three or four. This would require General Fund appropriation to expand the Agency before we could become completely self supporting.