

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		See Below		See Below
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS	37,402	37,402	36,144	36,144
TOTAL FUNDS	37,402	37,402	36,144	36,144

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

LB 999 changes provisions related to surplus property.

Section 1 provides that the proceeds of the sales of surplus property shall be deposited and credited to the fund from which the property was originally purchased or the General Fund. Current statute provides for these proceeds to be deposited and credited to the General Fund. Under the bill’s provisions, the General Fund may realize a revenue decrease. The amount of such decrease cannot be determined, since the amount will change from year to year.

Section 2 allows for administrative fees to be credited to the State Surplus Property Revolving Fund. The Department of Administrative Services estimates this amount to be \$37,402 in the first year and \$36,144 in the second year. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 999	AM:	AGENCY/POLT. SUB: Department of Administrative Services	
REVIEWED BY: Gary Bush		DATE: 1/28/16	PHONE: 471-4161
COMMENTS: No basis to disagree with the agency’s estimate of costs to implement the bill.			

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

2016

LB⁽¹⁾ 999

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Administrative Services (DAS) –
Materiel – Surplus Property
Director’s Office - Central Finance

Prepared by: ⁽³⁾ Ann Martinez

Date Prepared: ⁽⁴⁾ 01-24-2016

Phone: ⁽⁵⁾ 402-471-4135

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	37,402	37,402	36,144	36,144
TOTAL FUNDS	<u>37,402</u>	<u>37,402</u>	<u>36,144</u>	<u>36,144</u>

Explanation of Estimate:

LB999 requires that DAS Materiel Division–Surplus Property deposit and credit the net proceeds of the sale of surplus property to the fund or funds from which the property was originally purchased or to the General Fund. If multiple funds were used, the proceeds must be deposited/credited using the same funds and percentages as the original purchase.

Currently when an agency has item(s) to be surplusd, whether or not the item is a Fixed Asset, a form is completed listing all items and accompanies the items to Surplus Property to be sold at either a furniture, vehicle, or livestock auction or in a pre-auction sale to another using agency, all of which occur at different times throughout the year. Surplus Property had total sales of \$3,907,084 in the 2014 calendar year and \$3,462,299 in the 2015 calendar year.

Presently the net proceeds are entered and recorded as one cumulative entry in EnterpriseOne (E1) to one business unit (account) for each agency that has been previously supplied to Surplus Property by the agencies for this purpose. This process involves Surplus Property working with the Director’s Office - Central Finance to complete the various required transactions. If changes are needed regarding the fund(s) that were used originally to purchase the property, the Agency makes the necessary entry in E1.

LB999 as written, would require agencies to provide the original fund information for every individual item listed on the surplus property forms sent to Surplus Property with the items to be surplusd. This would add to the time required by the agency to complete the form.

Additional steps would then be needed in the distribution of Surplus Property net proceeds. The data on the various surplus property forms would have to be sorted and compiled by fund in order to identify and record the fund or funds for each item sold. This would result in additional time and an increase in the number of transactions being created and subsequently stored and reported to the agencies via the Electronic Content Management (ECM) solution currently in use by Surplus Property. Research may also be required in the E1 fixed asset module to determine the original funding source, etc. The new process would require an understanding of the various funds/business units used by agencies in E1. These additional processes and the large volume of transactions would require an additional part-time (.50) FTE - Accountant I in Central Finance.

The estimated cost for this .50 FTE is \$37,402 in FY16-17 and \$36,144 in FY17-18. These costs include salary and benefits (health insurance is budgeted using the State’s current share of the highest cost family plans); and ongoing annual operating costs (communication/data processing, printing/publication, rent/depreciation surcharge and supplies). There would also be a onetime cost of \$2,500 in FY16-17 for set up costs and the purchase of new equipment.

These additional costs would result in the need for additional revolving appropriation and an increased Director’s Office Assessment. The increase would be allocated to the Materiel Division.

In the alternative, if the bill requires the surplusing agency (property owner) to return the proceeds to the appropriate funds once those proceeds are returned to the agency by DAS Surplus Property and Central Finance, there would be no fiscal impact to DAS and no additional FTE's required.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Accountant I	.50	.50	17,085	17,495
Benefits.....			13,766	14,598
Operating.....			4,051	4,051
Travel.....				
Capital outlay.....			2,500	
Aid.....				
Capital improvements.....				
TOTAL.....			37,402	36,144

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

2016

LB⁽¹⁾ 999

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Dept. of Economic Development

Prepared by: ⁽³⁾ Courtney Dentlinger Date Prepared: ⁽⁴⁾ 2/10/2016 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2016-17		FY 2017-18	
	<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:

LB999 would amend the provisions regarding disposition of proceeds of sales of surplus personal property. As drafted, the bill appears to allow such proceeds to be credited to the fund from which the property was originally purchased, or to the General Fund. However, it could be interpreted to mean that the proceeds of surplus sales are required to be deposited to the cash fund unless the proper cash fund cannot be identified or no longer exists. In these cases, the proceeds of the surplus property sale would be deposited in the General Fund.

LB999 would also eliminate an obsolete provision of statute, which authorized the Department of Economic Development to convey certain real estate in connection with the Nebraska Omaha Travel Information Center. Such conveyance has already taken place.

Based on the Department's interpretation, the bill as drafted should have no impact on the Department of Economic Development's cash funds, as these funds could be deposited in the General Fund or the cash fund which was the source of the original purchase. If the intent is to require that the proceeds of the sales of surplus personal property be returned to the appropriate cash fund, there will be some impact on the Department's cash funds. Since 2002, the Department has received approximately \$34,800 from the sale of surplus property not purchased with federal funds. It is unclear exactly how much of this could have been transferred to cash funds rather than the General Fund if the intent of the bill is to require the proceeds to return to a cash fund.

There will be no costs to the Department to administer the provisions of LB 999.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____