

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 | | | | |
| CASH FUNDS | See Below | | See Below | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | | | | |

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

LB955 exempts the University of Nebraska and the Nebraska State College System from the statutory requirement that the State Treasurer determines the credit cards, charge cards, or debit cards accepted and the payments services provided for any state official or state agency.

The Nebraska State College System (NSCS) – indicates an annual savings of \$266,408 Cash Funds due to a recent contract entered into by NSCS for credit card processing.

The University of Nebraska – indicates no fiscal impact.

The State Treasurer – indicates no immediate fiscal impact and also cites constitutional concerns.

| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES | | | |
|---|-----|----------------------------------|-----------------|
| LB: 995 | AM: | AGENCY/POLT. SUB: State Colleges | |
| REVIEWED BY: Gary Bush | | DATE: 1/25/16 | PHONE: 471-4161 |
| COMMENTS: The agency's estimate appears to be reasonable given the assumptions used. | | | |

| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES | | | |
|---|-----|--|-----------------|
| LB: 955 | AM: | AGENCY/POLT. SUB: University of Nebraska | |
| REVIEWED BY: Gary Bush | | DATE: 1/21/16 | PHONE: 471-4161 |
| COMMENTS: No basis to disagree with the estimate provided. | | | |

| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES | | | |
|---|-----|--|-----------------|
| LB: 955 | AM: | AGENCY/POLT. SUB: Nebraska State Treasurer | |
| REVIEWED BY: Gary Bush | | DATE: 1/20/16 | PHONE: 471-4161 |
| COMMENTS: No basis to comment on fiscal impact as no fiscal impact of the bill was provided. | | | |

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

2016

LB⁽¹⁾ 955

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska State College System (NSCS)

Prepared by: ⁽³⁾ Carolyn Murphy

Date Prepared: ⁽⁴⁾ 01/21/2015

Phone: ⁽⁵⁾ 402-471-2505

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 | (266,408) | _____ | (266,408) | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>(266,408)</u> | _____ | <u>(266,408)</u> | _____ |

Explanation of Estimate:

LB955 would specifically exempt the NSCS from statutory requirements that the State Treasurer determine the credit cards, charge cards, or debit cards accepted and the payment services provided by the NSCS. The NSCS believes it is already exempt from this requirement, and consequently it entered into a new contract with a credit card processor at a significant cost savings. The State Treasurer has indicated that he believes this is contrary to his authority and, as such, he will ask the Attorney General to bring an action to have the contract declared invalid.

This fiscal note assumes that the State Treasurer does have this authority related to the NSCS and this fiscal note also limits the analysis to the recent contract entered into by the NSCS. As part of this new contract, the selected credit card processing vendor will charge a convenience fee to those students who choose to pay online with a credit card. Previously, the cost for credit card processing was paid by the Colleges, which totals about \$154,726 per year. If it is determined under existing statute (as the State Treasurer has asserted) that the Colleges cannot continue with the new contract, the Colleges will need to again assume this \$154,726 per year in credit card processing fees. In addition, the cost to contract with the other vendor that submitted a proposal would increase the costs for the service by a total of \$558,410 over the five years of the contract. Of the increased contract costs, \$111,682 is the impact in each 2016-17 and 2017-18.

Therefore, the savings to the NSCS as a result of this bill, based on the assumptions noted above, are:

- 1) The \$154,726 annually that does not have to be spent on credit card processing fees, plus
- 2) The \$558,410 in increased contract costs over the 5 years of the contract with \$111,682 of this increased cost in 2016-17 and \$111,682 in 2017-18.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2016-17 EXPENDITURES</u> | <u>2017-18 EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|---------------------------------|---------------------------------|
| | <u>16-17</u> | <u>17-18</u> | | |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | (266,408) | (266,408) |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | <u>(266,408)</u> | <u>(266,408)</u> |

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

2016

LB⁽¹⁾ 955

FISCAL NOTE

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

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ Jan 15, 2016 Phone: ⁽⁵⁾ 402-472-2191

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 | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

This bill would clarify that the University and State Colleges are authorized to accept credit card payments for student tuition and other receipts. There would be no fiscal impact from this bill.

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..... | _____ | _____ | _____ | _____ |

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

2016

LB⁽¹⁾ 955

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska State Treasurer

Prepared by: ⁽³⁾ Jason Walters

Date Prepared: ⁽⁴⁾ January 19, 2016

Phone: ⁽⁵⁾ 402-471-2793

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 | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

No immediate fiscal impact. In the opinion of the Nebraska State Treasurer, this proposed legislation is unconstitutional because it attempts to assign the Treasurer's constitutional authority over the State's banking relationships to other state agencies. Also, in the long term this bill could increase credit card processing costs to state agencies by reducing the volume of transactions which could result in a less favorable credit card processing contract.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

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