

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				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

Current law technically provides for office space for the Department of Aeronautics, Nebraska Motor Vehicle Licensing Board, and the Department of Veteran’s Affairs in the State Capitol. In practice, however, related space is provided through the State Building Division (SBD) of the Department of Administrative Services (DAS) in Lincoln facilities other than the Capitol. The Nebraska Motor Vehicle Industry Licensing Board and Department of Veterans’ Affairs occupy space in the Nebraska State Office Building and pay associated occupancy charges to DAS related to the space. The Department of Aeronautics occupies privately owned space in Lincoln which is centrally leased by DAS. The Department of Aeronautics pays related occupancy charges to DAS.

LB997 would strike existing language technically providing for office space in the State Capitol for the three entities noted above and would alternatively indicate that DAS – SBD is to provide office space in Lincoln to the three entities. In its fiscal note, dated 1/20/016, DAS indicates that the provisions of LB997 are unclear as to whether DAS – SBD is to provide space to the three entities “rent free” as opposed to the current practice of providing space to the three entities with accompanying occupancy charges as assessed. DAS identifies the potential reduction in revenue (cash and revolving fund) in the event that space is to be provided to the three entities free of occupancy charges. While the prospective revenue loss is noted, provisions of LB997 would appear not to necessarily preclude the current practice of assessing occupancy charges to the three entities. If such is indeed the case, the related provisions of LB997 would represent no fiscal impact.

Other portions of LB997 (i.e. sections 3, 4, 6 and 7) change statutory provisions relating to the Nebraska Capitol Commission and the Office of the Nebraska Capitol Commission. These changes appear to represent no fiscal impact.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 997	AM:	AGENCY/POLT. SUB: Department of Administrative Services	
REVIEWED BY: Gary Bush		DATE: 1/25/16	PHONE: 471-4161
COMMENTS: The agency’s estimate appears to be reasonable given the assumptions used.			

LB⁽¹⁾ 997

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – State Building Division (SBD)

Prepared by: ⁽³⁾ Byron J. Brogan Date Prepared: ⁽⁴⁾ January 20, 2016 Phone: ⁽⁵⁾ 402.471.8351

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2016-17		FY 2017-18	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	(14,791)	_____	(14,791)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	(\$121,375)	_____	(\$121,375)
TOTAL FUNDS	=====	(\$136,166)	=====	(\$136,166)

Explanation of Estimate:

The Department of Aeronautics, Department of Veterans’ Affairs, and the Nebraska Motor Vehicle Industry Licensing Board, all currently lease and pay for commercial or state-owned space thru the Department of Administrative Services’ State Building Division (SBD). If this process remains the same this legislation shall have no fiscal impact on DAS SBD. However, the bill is unclear as to whether or not SBD would have to provide (rent free) space as opposed to the current process required by Neb. Rev. Stat. 81-1108.22.

Currently the Department of Aeronautics, through SBD has a commercial lease and the Department of Veterans’ Affairs and the Nebraska Motor Vehicle Industry Licensing Board are tenants of the Nebraska State Office Building (NSOB). The current SBD rental income being receiving is \$121,375. The DAS 309 Task Force for Building Renewal (309 Task Force) is also receiving depreciation surcharge income totaling \$14,791. See the table below:

Agency	Type	Space	Current Cost per Sq. Ft.	Current Annual Rental Cost	Current Annual Depr. Surcharge
Dept. of Aeronautics	Commercial Lease	6,505 sq. ft. (combined office/storage)	\$13.10 per sq. ft. (includes admin fee)	\$85,215.50	\$0
Nebraska Motor Vehicle Industry Licensing Board	NSOB Tenant	1,048 sq. ft.	\$8.63 per sq. ft. \$3.53 per sq. ft.	\$9,044.24	\$3,699.44
Dept. of Veterans’ Affairs	NSOB Tenant	3,142 sq. ft.	\$8.63 per sq. ft. \$3.53 per sq. ft.	\$27,115.40	\$11,091.26
Total				\$121,375.14	\$14,790.70

If the space that is rented by the Dept. of Aeronautics, Nebraska Motor Vehicle Industry Licensing Board and Dept. of Veteran’s Affairs is to be provided at no cost, the \$121,375 would have to be recovered by SBD. The \$85,215.50 would need to be recovered by the leasing program’s administrative surcharge that is applied to all commercial leases. The surcharge might have to be increased to cover this additional cost and the loss of income on the current commercial lease.

At the NSOB, the rentable square footage would have to be reduced to account for the tenants not paying rent. This could possibly cause an increase in rent per square foot paid by the remaining tenants at the facility to recover the \$36,159.64 of lost revenue (\$9,044.24 + \$27,115.40 = \$36,159.64).

The reduction of rentable square footage would have the same impact on the 309 Task Force. This could cause an increase in the depreciation surcharge cost per square foot paid by the remaining tenants at the facility to recover the \$14,790.70 of lost revenue (\$3,699.14 + \$11,091.26 = \$14,790.70)

The financial impact will change if there is an increase or decrease in the commercial or state owned property's cost per square foot.

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.....			_____	_____