

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	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.

This bill would provide for a nonelection of coverage under the Nebraska Workers' Compensation Act.

The Workers' Compensation Court estimates the following impact from this bill:

	FY2017-18	FY2018-19	FY2017-18	FY2018-19
ITEMS	Number of Positions		Expenditures	
Staff Assistant I	1.00	1.00	31,745	31,745
Benefits			27,136	27,136
Operating			2,150	50
Capital Outlay			4,500	0
TOTAL	1.00	1.00	65,531	58,931

The fiscal analyst has no reason to disagree with the agency's estimate. However, comparing expenditures to budgeted amounts over the last four fiscal years, it appears that the agency should have sufficient spending authority within its current appropriation to cover this amount of estimated additional costs.

DAS Risk Management and the City of Lincoln both estimate no fiscal impact from this bill.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 553	AM:	AGENCY/POLT. SUB: Nebraska Workers Compensation Court (37)
REVIEWED BY: Joe Wilcox	DATE: 1/27/2017	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Nebraska Workers Compensation Court estimate of potential fiscal impact to the Agency from LB 553.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 553 (65)	AM:	AGENCY/POLT. SUB: Department of Administrative Services – Risk Mgt
REVIEWED BY: Joe Wilcox	DATE: 1/24/2017	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Department of Administrative Services – Risk Management Division estimate of No Fiscal Impact to the Agency from LB 553.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 553	AM:	AGENCY/POLT. SUB: City of Lincoln
REVIEWED BY: Joe Wilcox	DATE: 2/03/2017	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the City of Lincoln estimate of No Fiscal Impact to the City from LB 553.		

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

2017

LB⁽¹⁾ 553

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Workers' Compensation Court

Prepared by: ⁽³⁾ Tamra L. Walz Date Prepared: ⁽⁴⁾ January 26, 2017 Phone: ⁽⁵⁾ 402.471.3602

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>65,531</u>	_____	<u>58,931</u>	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>65,531</u>	_____	<u>58,931</u>	_____

Explanation of Estimate: LB 553 requires the court to develop a form and maintain a list of employers, partners, limited liability company ("LLC") members, and self-employed persons who do not elect to bring themselves under the Nebraska Workers' Compensation Act. The bill provides that such individuals "shall" file the nonelection of coverage form with the Workers' Compensation Court. Additionally, LB 553 allows the individual who makes a nonelection of coverage to later terminate that election. Based on our reading of LB 553, the required nonelection form would be required for the above-identified individuals in Nebraska as well as individuals outside of Nebraska who are subject to the Nebraska Workers' Compensation Act.

The compensation court is not able to estimate how many forms would be submitted pursuant to LB 553. However, as a starting point, the court contacted the Nebraska Secretary of State's Office on January 25, 2017, to request available numbers regarding registered business entities in Nebraska. According to the Secretary of State's Office, the number of LLCs in good standing currently registered in Nebraska is 72,154. It is unknown what percentage of these LLC members would be submitting nonelection forms, and subsequently, possibly termination forms. However, even if fewer than 50% of this number filed the forms, the court would need to process approximately 36,000 forms. An unknown number of forms would also be submitted by self-employed persons and partners. The court was not able to obtain any statistics from the Secretary of State's Office for these individuals to better-quantify those numbers.

LB 553 does not specify whether the required forms may be submitted electronically. If the forms are to be submitted in paper form, a staff person would need to manually perform data entry of the information contained on each form. If the forms can be electronically submitted, the court estimates no fiscal impact for the development of an electronic system to accept and maintain the filings for public access. However, the court assumes that the option of filing via paper would need to be made available for individuals who cannot file electronically. These paper forms would need to be manually processed.

Given the uncertainties about the volume of forms that would be submitted under LB 553, it is difficult to estimate a fiscal impact. However, given the parameters of the bill, as currently drafted, the court estimates that a permanent full-time staff person would be required, at a cost to the court as delineated below.

We note that a similar bill was introduced in Iowa in 2015. The Iowa Division of Workers' Compensation submitted a fiscal note that indicated the need for an additional full-time staff person in order to administer that proposed legislation.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

<u>Personal Services:</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
<u>POSITION TITLE</u>				
Staff Assistant I	<u>1</u>	<u>1</u>	<u>31,745</u>	<u>31,745</u>
Benefits.....			<u>27,136</u>	<u>27,136</u>
Operating.....			<u>2,150</u>	<u>50</u>

Travel.....	<u> </u>	<u> </u>
Capital outlay.....	<u> 4,500 </u>	<u> 0 </u>
Aid.....	<u> </u>	<u> </u>
Capital improvements.....	<u> </u>	<u> </u>
TOTAL	<u> 65,531 </u>	<u> 58,931 </u>

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2017

LB⁽¹⁾ 553

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Dept. of Administrative Services (DAS) -Risk Management Division

Prepared by: ⁽³⁾ Shereece Dendy Date Prepared: ⁽⁴⁾ January 23, 2017 Phone: ⁽⁵⁾ 402-471-4436

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB553 provides that an individual employer, partner, limited liability company member, or self-employed person who is actually engaged in the individual employer's partnership's, limited liability company's, or self-employed person's business on a substantially full time basis may be allowed to opt-out of workers' compensation coverage. To do so, that individual must file a notice of written nonelection to the Workers' Compensation Court. The bill further provides that the Workers' Compensation Court shall develop the written form to be used. The bill also allows for the nonelection to be withdrawn by the individual, so long as the appropriate form is completed and filed with the Court.

There is no fiscal impact on DAS – Risk Management.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2017

LB⁽¹⁾ 553

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Lincoln

Prepared by: ⁽³⁾ Jan L. Bolin Date Prepared: ⁽⁴⁾ 1/23/17 Phone: ⁽⁵⁾ 402-441-8306

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</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 Fiscal Impact for the City of Lincoln.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____