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 DATE PREPARED: February 19, 2008
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LB 868

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below	(217,000)	See below	(217,000)
FEDERAL FUNDS				
OTHER FUNDS		(72,500)		(72,500)
TOTAL FUNDS	See below	(289,500)	See below	(289,500)

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB868 would effectively prohibit the operation of delayed deposit services businesses which are currently regulated by the Department of Banking and Finance pursuant to the Delayed Deposit Services Licensing Act. As a result, assessment and collection of related industry licensing and regulatory examination fees would discontinue. This would result in a reduction in cash fund revenue accruing to the Financial Institution Assessment Cash Fund. The Department estimates the resultant annual reduction in cash fund revenue at \$217,000. This estimate appears reasonable. Related cash fund revenue for 2006-07 amounted to \$216,712. The Department also estimates an annual reduction in fines assessed under the Delayed Deposit Services Licensing Act at \$72,500. Revenue from related fines accrues to the Permanent School Fund. This estimate appears reasonable. Related fine revenue accruing to the Permanent School Fund for 2006-07 amounted to \$72,450.

The Department of Banking and Finance is assigned regulatory duties and responsibilities under the Delayed Deposit Services Licensing Act. The Department indicates that for 2006-07, cash funds in the amount of \$309,284 were expended for regulatory activities relating to the delayed deposit services industry. This amount was expended within the department's overall cash fund appropriation authority supporting regulatory activities related to all financial institutions to which it is statutorily assigned such responsibilities. LB868 would effectively result in discontinuation of the Department's delayed deposit services industry regulatory responsibilities and, therefore, directly related regulatory expenditures. The Department effectively proposes that overall cash fund appropriation authority not be reduced to reflect discontinuation of delayed deposit services regulation responsibility. Rather, the Department proposes that existing appropriation authority be maintained and that it would shift former delayed deposit services regulatory workload and related expenditures to other financial institution regulatory workload and expenditures. A decision as to whether to downwardly adjust cash fund appropriation authority for the Department of Banking and Finance in response to the provisions of LB868 would be at the discretion of the Legislature.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Joe Wilcox	DATE 2/14/08	PHONE 471-2526
COMMENTS			
BANKING AND FINANCE – No disagreement with agency analysis.			