

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	59,500		35,900	(132,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	59,500		35,900	(132,000)

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

LB 1189 is the Firefighter Cancer Benefits Act.

Under LB 1189 every rural or suburban fire protection district, airport authority, city, village, or nonprofit corporation shall provide and maintain enhanced cancer benefits which shall, at a minimum, include the following:

- A lump-sum benefit of twenty-five thousand dollars for each diagnosis of malignancy payable to a firefighter covered under the Act;
- A lump-sum benefit of six thousand two hundred fifty dollars for each diagnosis with certain conditions payable to a firefighter covered under the Act; and
- A monthly benefit of one thousand five hundred dollars payable to a covered firefighter for disability covered by the Act.

In addition, a fifty thousand dollar death benefit if provided for.

Under section 8, rural or suburban fire protection districts, airport authorities, cities, villages, or nonprofit corporations shall maintain proof of insurance coverage that meets the requirements of the Act no later than January 1, 2021. The State Fire Marshal is provided with authority to adopt and promulgate rules and regulations for the Act.

Section 11 provides for firefighters receiving benefits under the Act to reduce federal adjusted gross income by the amount received on or after January 1, 2021 by or on behalf of a firefighter for cancer disability benefits.

The State Fire Marshal would need to seek consultation on how to develop rules and regulations for the Act. At this time, they are unable to determine the cost of such consultations.

The Department of Revenue would need to have one-time programming performed to implement the provisions of LB 1189. This cost is estimated to be \$59,500 and would occur in fiscal year 2020-21. For fiscal year 2021-22, the Department of Revenue estimates the need for a half-time FTE for first year implementation. This cost is estimated to be \$35,900. Based on the adjustment to federal adjusted gross income and applying data from the National Cancer Institute (extrapolated to reflect Nebraska populations), the Department of Revenue estimates General Fund revenue loss of \$132,000 for 2021-22 and \$264,000 annually thereafter. There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1189	AM:	AGENCY/POLT. SUB: Nebraska State Fire Marshal (021)
REVIEWED BY: Joe Wilcox	DATE: 01/31/2020	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Nebraska State Fire Marshal estimate of potential, but undetermined fiscal impact to the Agency from LB 1189.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1189	AM:	AGENCY/POLT. SUB: Nebraska Department of Revenue (016)
REVIEWED BY: Joe Wilcox	DATE: 02/03/2020	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the Nebraska Department of Revenue estimate of potential fiscal impact to the Agency and State General Fund Revenue loss from LB 1189.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1189	AM:	AGENCY/POLT. SUB: City of Lincoln
REVIEWED BY: Joe Wilcox	DATE: 01/30/2020	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the City of Lincoln estimate of potential, but undetermined Fiscal Impact to the City from LB 1189.		

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

2020

LB⁽¹⁾ 1189

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ State Fire Marshal

Prepared by: ⁽³⁾ Deb Hostetler Date Prepared: ⁽⁴⁾ 01/30/2020 Phone: ⁽⁵⁾ (402) 471-9479

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

The State Fire Marshal Agency does not anticipate any increased costs or revenues from the requirement to submit an annual report to the Legislature listing the number of claims and the number of firefighters who received the benefit.

If Section 8 of the bill would require the Agency to promulgate regulations detailing how “proof of the ability to pay such compensation to ensure adequate coverage for all firefighters”, the Agency would need to seek consultations on how to develop such regulations and the cost of those consultations is undetermined.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21 EXPENDITURES</u>	<u>2021-22 EXPENDITURES</u>
	<u>20-21</u>	<u>21-22</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFA:			
Approved by: Tony Fulton				Date Prepared:			
				Phone: 471-5896			
	FY 2020-2021		FY 2021-2022		FY 2022-2023		
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	
General Funds	\$59,500	\$0	\$35,900	(\$132,000)	\$0	(\$264,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	\$59,500	\$0	\$35,900	(\$132,000)	\$0	(\$264,000)	

LB 1189 adopts the Firefighter Cancer Benefits Act (Act) and provides an income tax deduction for such benefits. The State Fire Marshal may adopt and promulgate rules and regulations necessary to carry out the Act.

For taxable years beginning or deemed to begin on or after January 1, 2021, LB 1189 amends Neb. Rev. Stat. § 77-2716 to provide a reduction in federal adjusted gross income for amounts received by or on behalf of a firefighter for cancer disability benefits under the Act to the extent such benefits are included in federal adjusted gross income.

Every rural or suburban fire protection district, airport authority, city, village, or nonprofit corporation (fire department) must provide and maintain enhanced cancer benefits, on and after the operative date of LB 1189, that at a minimum include:

- (1)(a) a lump-sum benefit of \$25,000 for each diagnosis payable to a firefighter on acceptable proof of insurance carrier or other payor of a diagnosis by a board-certified physician in the medical specialty appropriate for the type of cancer diagnosed that there are one or more malignant tumors characterized by the uncontrollable and abnormal growth and spread of malignant cells with invasion of normal tissue; and either (i) there is metastasis; and (A) surgery, radiotherapy, or chemotherapy is medically necessary; or (B) There is a tumor of the prostate (typo: prostrate pg. 3) provided it is tested with radical prostatectomy or external beam therapy; or (ii) Such firefighter has terminal cancer, his or her life expectancy is 24 months or less from the date of diagnosis, and he or she will not benefit from, or has exhausted, curative therapy.

- (1)(b) A lump-sum benefit of \$6,250 for each diagnosis payable to a firefighter on acceptable proof to the insurance carrier or other payor of a diagnosis by a board-certified physician in the medical specialty appropriate for the type of cancer that either (i) there is a carcinoma in situ and it has been medically determined that surgery, radiotherapy, or chemotherapy is medically necessary; (ii) There are malignant tumors which are treated by endoscopic procedures alone; or (iii) there are malignant melanomas; or

- (1)(c)(i) A monthly benefit of \$1,500 payable to a firefighter, of which the first payment is made six months after total disability and the submission of acceptable proof of disability to the insurance carrier or other payor that such disability is caused by cancer and precludes the firefighter from serving as a firefighter. Such benefit will continue for up to 36 consecutive monthly payments.

- (2) A firefighter is entitled to an additional \$50,000 payment of enhanced cancer death benefits payable to his or her beneficiary or, if no beneficiary is named, to the firefighter’s estate on acceptable proof by a board-certified physician that death resulted from complications associated with cancer.

- (3) Firefighters already provided paid benefits under Neb. Rev. Stat. § 35-1001 are ineligible for benefits under LB 1189.

The combined total of all benefits received by a firefighter under the Act must not exceed \$50,000 during his or her lifetime. The firefighter remains eligible for benefits under subsections (1)(a), (b) and (2) of Section 4 for 60 months after formal cessation of the firefighter’s status as a firefighter.

The Department utilized data from the National Cancer Institute to estimate the number of firefighters who would be diagnosed with cancer within 60 months after formal cessation of the firefighter’s status as a firefighter. While cancer rates are higher among firefighters, the average age of retirement of firefighters is 55 and cancer diagnosis is relatively low for those under the age of 60 years of age even when considering the higher rate of cancer diagnosis among firefighters. Consequently, the Department estimates roughly 150 firefighters to utilize the tax deduction. The \$50,000 in death benefit is assumed to be a life insurance policy, which is generally not taxable. Consequently, the Department only assumes the benefits under 1(a), 1(b), and 1(c) would be taxable. The estimated total reduction to the General Fund would be as follows:

FY 2020-2021	\$ 0
FY 2021-2022	\$ 132,000
FY 2022-2023	\$ 264,000
FY 2023-2024	\$ 264,000

LB 1189 would require a one-time programming charge of \$59,500 paid to the OCIO for mainframe and web development changes. The Department would require 0.5 FTE Revenue Tax Specialist for FY 2021-2022 to implement this bill.

Major Objects of Expenditure

Class Code	Classification Title	20-21	21-22	22-23	20-21	21-22	22-23
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
A29621	Revenue Tax Specialist	0.0	0.5	0.0	\$0	\$27,000	\$0
Benefits.....					\$0	\$8,900	
Operating Costs.....					\$59,500		
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....					\$59,500	\$35,900	\$0

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2020

LB⁽¹⁾ 1189

FISCAL NOTE

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

Prepared by: ⁽³⁾ James Van Bruggen Date Prepared: ⁽⁴⁾ 1/29/20 Phone: ⁽⁵⁾ 402-441-8301

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</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:

LB1189 does increase the City's potential liability. However, it is difficult to estimate this additional cost without extensive research of historical data.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____