

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$59,942			(\$153,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>	\$59,942			(\$153,000)

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

LB 299 is the Firefighter Cancer Benefits Act.

Section 2 provides definitions for the Act.

Section 4 requires every rural or suburban fire protection district, airport authority, city, village or nonprofit corporation to provide and maintain enhanced cancer benefits set to a minimum standard established in that section.

Section 5 provides that a combined total of all benefits received by an individual shall not exceed fifty thousand dollars (\$50,000) in a lifetime.

Section 7 requires that a firefighter shall remain eligible for benefits under the Act for sixty months after the formal cessation of the firefighter's status as a firefighter.

Section 9 requires that claims and benefits received under the Act be reported to the State Fire Marshal. Beginning January 1, 2023, the State Fire Marshal shall submit an annual report to the Legislature and Governor regarding the number of firefighters who have filed claims and/or benefits under the Act.

Section 11 requires federal adjusted gross income to be reduced by the amount received by or on behalf of a firefighter for cancer benefits under the Act, to the extent included in federal adjusted gross income.

Section 12 provides an operative date of January 1, 2022.

The Department of Revenue estimates a one-time programming charge of \$59,942 in fiscal year 2022. Beginning in fiscal year 2023, the Department of Revenue estimates reduced General Fund revenue, due to the federal adjusted gross income reduction, of \$153,000. There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 299 AM: AGENCY/POLT. SUB: State Fire Marshal

REVIEWED BY: Lee Will DATE: 01/21/2021 PHONE: (402) 471-4175

COMMENTS: Concur with the State Fire Marshal's assessment of no fiscal impact to the agency.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 299 AM: AGENCY/POLT. SUB: City of Lincoln

REVIEWED BY: Lee Will DATE: 01/21/2021 PHONE: (402) 471-4175

COMMENTS: Concur with the City of Lincoln's assessment of fiscal impact.

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:		
Approved by: Tony Fulton				Phone: 471-5896		
		Date Prepared: 2/22/2021				
	<b>FY 2021-2022</b>		<b>FY 2022-2023</b>		<b>FY 2023-2024</b>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$ 59,942	\$ 0	\$ 0	\$ (153,000)	\$ 0	\$ (157,000)
Cash Funds						
Federal Funds						
Other Funds						
<b>Total Funds</b>	\$ 59,942	\$ 0	\$ 0	\$ (153,000)	\$ 0	\$ (157,000)

LB 299 Section 1 establishes the Firefighter Cancer Benefits Act (Act).

Section 2 provides definitions for the Act.

Section 3 provides the preliminary requirements that must be met to be eligible for benefits under the Act.

Under Section 4 of the Act, 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 299, 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 provided it is treated 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. Under Section 4 of the Act, 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 299, that at a minimum include:

- (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; and

- (1)(c)(i) A monthly benefit of \$1,500 payable to a firefighter, of which the first payment is made 6 months after total disability and the submission of acceptable proof of disability to the insurance carrier or other payor that

Major Objects of Expenditure

Class Code	Classification Title	FTE			Expenditures		
		21-22	22-23	23-24	21-22	22-23	23-24
Benefits.....							
Operating Costs.....					\$ 59,942		
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
<b>Total.....</b>					\$ 59,942		

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.

(ii) Such monthly benefit is subordinate to any other benefit actually paid to the firefighter solely for such disability from any other source, not including private insurance purchased solely by the firefighter, and is limited to the difference between the amount of such other pay benefit and the amount specified in this section.

(iii) A firefighter receiving such monthly benefit may be required to have his or her condition reevaluated. If any reevaluation reveals such person has regained the ability to perform duties as a firefighter, then his or her monthly benefits will cease the last day of the month of the reevaluation.

(iv) If a subsequent reoccurrence of a disability caused by cancer precludes the firefighter from serving as a firefighter, he or she is entitled to receive any remaining monthly benefits.

- (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 299.

Section 5 provides that the combined total of all benefits received under the twenty-five thousand dollars and six thousand two hundred fifty dollars lump sum per diagnosis benefits in Section 4 cannot exceed \$50,000 during the firefighter's lifetime.

Section 6 provides that firefighters that are members of more than one fire department at the time of diagnosis may not receive benefits under the act from more than one of the fire departments.

Section 7 provides that firefighters remain eligible for the lump sum and death benefits described above for 60 months after the formal cessation of the firefighter's status as a firefighter. Responsible Entities are responsible for paying all premiums or other costs associated with the benefits for the duration of the firefighter's coverage.

Section 8 requires the Responsible Entity to maintain, no later than January 1, 2022, proof of insurance coverage that meets the requirements of the Act or satisfactory proof of the ability to pay the benefits under the Act for all firefighters. The coverage remains in effect for 60 months after the Responsible Entity no longer has any firefighters that could qualify for benefits under the Act.

Section 9 requires the Responsible Entity to report claims filed, claims paid and types of claims to the State Fire Marshal. Beginning December 1, 2023 the State Fire Marshal submits an annual report to the Legislature and the Governor including the number of firefighters who have filed claims and the number of firefighters who have received benefits under the Act.

Section 10 permits the State Fire Marshal to adopt and promulgate rule and regulations necessary to carry out the Act.

Section 11 amends § 77-2716. For taxable years beginning or deemed to begin on or after January 1, 2022 federal adjusted gross income is reduced by the amount received by or on behalf of a firefighter for cancer benefits under the Act to the extent included in federal adjusted gross income

The Department utilized data from the National Cancer Institute to estimate the number of firefighters 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, even considering the higher cancer diagnosis rate among firefighters. Also, the Department used the Bureau of Labor Statistics to project the increase in firefighters, projected to grow three percent per year in Nebraska. Consequently, the Department estimates roughly 180 firefighters will 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 2021-2022	\$	-
FY 2022-2023	\$	(153,000)
FY 2023-2024	\$	(157,000)
FY 2024-2025	\$	(162,000)

LB 299 would require a one-time programming charge of \$59,942 paid to the OCIO for mainframe and web development changes.

The operative date for this bill is January 1, 2022.

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

2021

LB<sup>(1)</sup> 299

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> State Fire Marshal Agency

Prepared by: <sup>(3)</sup> Deb Hostetler Date Prepared: <sup>(4)</sup> 1/20/2021 Phone: <sup>(5)</sup> (402) 471-9479

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</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.

**2021**

**LB<sup>(1)</sup> 299**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> City of Lincoln

Prepared by: <sup>(3)</sup> James Van Bruggen Date Prepared: <sup>(4)</sup> 1/19/21 Phone: <sup>(5)</sup> 402-441-8301

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2021-22</u>		<u>FY 2022-23</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:**

The fiscal impact of the bill would result in added insurance coverage for the City of Lincoln.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____