

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$1,009,000		\$12,728,000	
CASH FUNDS		(\$114,000)		
FEDERAL FUNDS			\$1,250,000	
OTHER FUNDS				
TOTAL FUNDS	\$1,009,000	(\$114,000)	\$13,978,000	

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

LB 216 restructures court administration in Nebraska by transferring the responsibilities of the elected Clerk of the District Court to state-employed Clerk Magistrates or consolidated Clerks of the District and County Courts. It transitions these employees to state employment under the Supreme Court while preserving their accrued benefits.

The bill shifts financial responsibility for court operations, such as salaries and benefits, from counties to the state, while counties will continue to provide office space. It also establishes Supreme Court oversight of office consolidations, ensuring that changes align with the needs of each judicial district. Additionally, it standardizes reporting and fee collection processes to create uniformity in court administration. The bill also prevents Clerk Magistrates and Clerks of the District and County Courts from serving on mental health boards to avoid conflicts of interest and uphold judicial neutrality.

LB 216 transitions the responsibilities of the Clerk of the District Court from county government to the State Judicial Branch. Beginning in January 2026, 28 counties where the County Clerk currently serves as the ex officio Clerk of the District Court will transfer these duties to state-employed Clerk Magistrates. Additionally, 10 counties that contract with the Judicial Branch for district court services will no longer need to reimburse the state for a portion of the cost.

By January 2027, the transition will be fully implemented, moving all remaining counties with elected Clerks of the District Court to state administration. To support this transition, the Judicial Branch will allocate funding for additional trial court staff and position reclassifications for half of FY25-26, and cash fund revenue will decrease as county reimbursements for contracted services are phased out. In FY26-27, the Administrative Office of the Courts and Probation will receive one-time funding for human resources and IT support, and approximately 260 full-time employees will transition from county to state employment, with funding allocated for half the fiscal year.

The Judicial Branch will also begin receiving federal reimbursements for direct child support enforcement costs, while counties will continue to receive funds for indirect costs. A one-time reimbursement from counties to the state will help cover a portion of accrued sick and vacation leave for transitioning employees, though the total amount is uncertain.

By FY27-28, the first full fiscal year after the transition, estimated General Fund expenditures are projected at \$20.7 million, with an estimated \$2.5 million in federal fund revenue. It is anticipated any federal funds received would be expended by the agency.

The Nebraska Association of County Officials (NACO) reviewed county budgets for budget code 621 (Clerk of the District Court) and calculated a two-year average annual cost of \$15.9 million for FY23 and FY24.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 216	AM:	AGENCY/POLT. SUB: Supreme Court	
REVIEWED BY:	Jacob Leaver	DATE:	2/11/2025
		PHONE:	(402) 471-4173
COMMENTS: Concur with the Supreme Court's estimated fiscal impact as a result of LB 216.			

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

2025

LB⁽¹⁾ 216

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials (NACO)

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 2/11/2025 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</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:

LB261 would transfer the office of clerks of the district court to the Nebraska Judicial Branch.

First, for the CDC, we summed and averaged FY23 & FY24 total costs from the county budgets for budget code 621 (CDC) and came up with a two-year average of \$15.9 million annually that would be reduced.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</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.

2025

LB⁽¹⁾ 216

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ 05 Supreme Court

Prepared by: ⁽³⁾ Eric Asboe Date Prepared: ⁽⁴⁾ 2/10/2025 Phone: ⁽⁵⁾ 402-326-9215

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>1,009,000</u>	<u></u>	<u>12,728,000</u>	<u></u>
CASH FUNDS	<u></u>	<u>(114,000)</u>	<u></u>	<u></u>
FEDERAL FUNDS	<u></u>	<u></u>	<u></u>	<u>1,250,000</u>
OTHER FUNDS	<u></u>	<u></u>	<u></u>	<u></u>
TOTAL FUNDS	<u><u>1,009,000</u></u>	<u><u>(114,000)</u></u>	<u><u>12,728,000</u></u>	<u><u>1,250,000</u></u>

Explanation of Estimate:

LB216 transitions the duties of Clerk of the District Court from county government to the State Judicial Branch. In January 2026, 28 counties where the duties are currently performed by the County Clerk as an ex officio Clerk of the District Court will transition. Also, in January 2026, 10 counties, where the county currently contracts with the Judicial Branch to perform District Court duties, will no longer be required to reimburse the State for a portion of the cost. In January 2027, LB216 transitions all remaining counties where the duties are currently performed by an elected Clerk of the District Court.

Additional information regarding estimates shown above:

1. FY25-26. Includes additional trial court staff and position reclassifications, for half the fiscal year, to perform the duties transferred from those counties with ex officio Clerks of the District Court. Cash Fund reduction represents the amount currently received from counties that contract with the Judicial Branch to perform the duties of the District Court. Once transitioned, these agreements will not be necessary.
2. FY26-27. Includes additional staff and one-time funding, in areas such as human resources and information technology, for the Administrative Office of the Courts and Probation. The estimate also includes a half-year funding for approximately 260 FTE transferring from county employment, in offices with elected Clerks of the District Court, to State employment. Federal Fund revenue represents estimated funding that Clerks of the District Court now receive for child support enforcement from the Department of Health and Human Services. The intent is for the State to receive reimbursement only for direct costs related to child support enforcement. Counties would continue to receive reimbursement for indirect costs.
3. FY27-28 is the first full fiscal year after the transition. Estimated General Fund expenditures: \$20,716,000. Estimated Federal Fund revenue: \$2,500,000.
5. Section 5 does provide for a one-time reimbursement to the State from counties with elected Clerks of the District Court for a portion of accrued sick and vacation leave. This would occur in FY26-27. Since the amount of leave each employee would have on the date of transition is unknown, no estimate can be determined at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			_____	_____