

PREPARED BY: Scott Danigole
 DATE PREPARED: February 06, 2025
 PHONE: 402-471-0055

LB 75

Revision: 00

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	\$186,561		\$137,614	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$186,561		\$137,614	

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

LB 75 amends provisions of the Wage and Hour Act.

Section 1 provides definitions for “Commissioner” (the Commissioner of Labor) and “Department” (Department of Labor).

Section 2 requires employers to ensure that the payment of wages made to persons compensated by gratuities shall be equal to or exceed the applicable minimum wage rate.

Section 4 requires employers of persons compensated with gratuities to make and keep certain records for a period of not less than three years.

Section 5 provides for employees who have a reasonable belief that an employer is in violation of these provisions a method to submit complaints to the department. DOL shall develop forms and adopt and promulgate rules and regulations to carry out this provision.

Based on the provisions of LB 75, DOL estimates an increase in the number of complaints filed. Additionally, DOL will need a more robust case management system to handle both individual and business audits. It will also need to accommodate different violations and penalty types.

In order to address these changes, DOL estimates the need for additional staffing and some initial costs. The total DOL estimate is \$186,561 in fiscal year 2025-26 with ongoing costs of \$137,614 beginning in fiscal year 2026-27. There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 75	AM:	AGENCY/POLT. SUB: Department of Labor	
REVIEWED BY: Ryan Yang	DATE: 2/5/2025	PHONE: (402) 471-4178	
COMMENTS: The Department of Labor assessment of fiscal impact from LB 75 appears reasonable.			

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

2025

LB⁽¹⁾ 75

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Labor

Prepared by: ⁽³⁾ Rea Easton Date Prepared: ⁽⁴⁾ 2/5/2025 Phone: ⁽⁵⁾ 402-416-6809

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>186,561</u>	<u> </u>	<u>137,614</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u><u>186,561</u></u>	<u><u> </u></u>	<u><u>137,614</u></u>	<u><u> </u></u>

Explanation of Estimate: NDOL anticipates an increase in the number of complaints filed with the agency as a result of recordkeeping requirements and the potential for liquidated damages to be awarded to complainants. Complaints can be filed by individuals and broader audits can be initiated by NDOL against an employer based on the complaints received. NDOL believes this legislation will drive an increase in complaints received under this program.

Our current Wage Payment & Collection Act system is tailored to the types of complaints and investigations we conduct to enforce the Act. The Wage and Hour investigations will need a more robust case management system that can handle both individual and business audits. It will also need to accommodate different violations and penalty types with different follow-up actions (e.g., criminal referral to the county attorney).

Because penalties for Wage and Hour violations can result in criminal charges, the database needs to account for tracking legal referrals, progress, and court outcomes, alongside penalty assessments. The database will need to generate reports that help with internal tracking, compliance, and statistical analysis separate from reporting and statistical requirements within WPCA. LB75 will require NDOL to create a new online form and database.

NDOL will need one Labor Law Specialist to absorb the expected increase in claims and the newly required audit work. NDOL will be unable to absorb additional workload with current staff levels. Legal support will be required to review each case involving enforcement actions and to draft any affidavits of staff as part of the referral process. Attorneys will review each case file in detail and work with the Paralegal on the case referral to the county attorneys. The legal staff will need to review and represent the agency in that proceeding. Additionally, IT staff time will be required for the database work. NDOL estimates 0.25 of an Attorney III, 0.40 of an IT Applications Developer/Sr, and 0.04 of a Paralegal II to cover the new support workload.

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>
Labor Law Specialist	1.00	1.00	55,482	57,146
Paralegal II	.04	.04	3,567	3,674
Attorney III	.25	.25	31,506	32,452
IT Applications Developer/Sr	.40		34,672	
Total Salaries	1.69	1.29	125,227	93,272
Benefits.....			45,164	33,639
Operating.....			16,170	10,703
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			186,561	137,614