

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	SEE BELOW	0	0	0	SEE BELOW
FY2027-2028	SEE BELOW	0	0	0	SEE BELOW
FY2028-2029	SEE BELOW	0	0	0	SEE BELOW
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0

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

This bill modifies the Nebraska Mental Health Commitment Act. The bill adds definitions, expanding commitment criteria and who is eligible to file petitions to any interested party, and provides creates a new criminal offense (Class IV felony) for filings made in bad faith. Currently only the county attorney is permitted to file petitions for emergency protective custody.

The impact to Department of Health and Human Services, specifically the Division of Behavioral Health, is indeterminable due to the potential for increased admissions to the Lincoln Regional Center and Norfolk Regional Center. The Nebraska Association of County Officials also indicates indeterminable fiscal impact. Both entities indicate the bill may result in significant costs associated with increased commitments. The Supreme Court and Corrections may also experience additional costs due to the imposition of a new crime.

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

2026

LB⁽¹⁾ 1040

FISCAL NOTE

State Agency OR Political Subdivision
Name: ⁽²⁾

Nebraska Department of Correctional Services

Prepared by: ⁽³⁾ Lisa Stanton

Date Prepared: 01/16/2026
⁽⁴⁾

Phone: ⁽⁵⁾ (402)479-5702

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</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:

NDCS estimates no fiscal impact as a result of LB1040.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27 EXPENDITURES</u>	<u>2027-28 EXPENDITURES</u>
	<u>26-27</u>	<u>27-28</u>		
Benefits.....	_____	_____	_____	_____
... Operating.....	_____	_____	_____	_____
.... Travel.....	_____	_____	_____	_____
. Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
. Capital improvements.....	_____	_____	_____	_____

TOTAL.....

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

LB: 1040 AM: AGENCY/POLT. SUB: Nebraska Association of County Officials (NACO)

REVIEWED BY: Ann Linneman DATE: 1-22-2026 PHONE: (402) 471-4180

COMMENTS: No basis to disagree with NACO's estimate of fiscal impact.

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

LB: 1040 AM: AGENCY/POLT. SUB: Nebraska Dept of Correctional Services

REVIEWED BY: Ann Linneman DATE: 1-15-2026 PHONE: (402) 471-4180

COMMENTS: The Nebraska Dept of Correctional Services' assessment of no fiscal impact seems reasonable given the assumptions used.

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

Prepared by: (3) John Meals

Date Prepared 2-24-2026

Phone: (5) 471-6719

	<u>FY 2026-2027</u>		<u>FY 2027-2028</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$8,324,700		\$8,324,700	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$8,324,700	\$0	\$8,324,700	\$0

Return by date specified 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB1040 changes the criteria for commitment as a mentally ill and dangerous person under the Mental Health Commitment Act (MHCA). These changes expand the commitment criteria and increase the likelihood of inpatient hospitalization. This would increase the number of needed crisis stabilization beds, acute inpatient psychiatric beds, and state hospital psychiatric beds.

This bill would impact the Division of Behavioral Health (DBH), and, more specifically, the Lincoln Regional Center (LRC). As written, capacity at LRC could be significantly impacted by the potential influx of admitted patients. LRC does not have the building space to increase the number of MHCA admissions, thus either construction would be needed to expand capacity for an estimated 50 to 100 beds or the waitlist for admission to LRC could significantly increase.

Using average costs at LRC, construction of a new 50-bed facility would cost approximately \$16,649,400 at \$332,988 per bed. This is comparable to the new YRTC-Kearney 48-bed facility that costs approximately \$15 million. The corresponding increase in staffing to account for the new facility would be an additional 164 staff, ranging from psychiatrists to housekeepers, with an estimated annual cost of \$19,122,712, including benefits and operating costs. These costs may increase if more patient beds are needed.

Alternatively, if admissions significantly increase and if construction of a new building is not granted, the waitlist at LRC would see a significant increase. The department is not able to project the effect on the waitlist.

The Norfolk Regional Center (NRC) Sex Offender Treatment may also be impacted by this bill.

In addition to state hospital beds, counties and Regional Behavioral Health Authorities (RBHAs) would need to assess the capacity of their local resources and, in many areas, would need to add crisis stabilization beds and acute inpatient psychiatric beds to meet the increased inpatient intake. This could result in substantial General Fund costs to crisis stabilization and acute hospitalization services.

This fiscal note assumes construction of a new building over fiscal years 2027 and 2028 and then permanent staffing costs starting in fiscal year 2029. A table of projected costs is below.

Budget Increase	Cost Type	General Fund
FY27	Construction	8,324,700
FY28	Construction	8,324,700
FY29	Staffing	19,122,712
FY30	Staffing	20,059,012

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:

POSITION TITLE	NUMBER OF POSITIONS		2026-2027	2027-2028
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital Outlay.....			\$8,324,700	\$8,324,700
Aid.....				
Capital Improvements.....				
TOTAL.....			\$8,324,700	\$8,324,700

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

2026

LB⁽¹⁾ 1040

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/16/2026 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB1040 would modify requirements for commitment as a mentally ill and dangerous person under the Mental Health Commitment Act in §§ 3 and 5 of the bill. Under certain circumstances an interested person (spouse, parent, sibling, adult child, close adult friend, guardian or conservator, or another person acting in the best interests of the individual) would be permitted to file a petition if they believe a person is mentally ill or dangerous.

Based on NACO’s research, there appears to be no state that has enacted a statute similar to § 3 of LB1040 (2026) which defines interested party since Oklahoma enacted such a statute in 1997. NACO reached this conclusion by reviewing the following publications:

A 2024 report by the Legislative Analysis and Public Policy Association, an organization funded by a grant from the federal Office of National Drug Control Policy (cite: Involuntary Commitment of Those With Substance Use Disorders: Summary of State Laws, Legislative Analysis and Public Policy Association, December 2024). A 2020 report by the Treatment Advocacy Center, a nonprofit organization founded in 1998 by the Stanley Family Foundation to advocate for greater public access to psychiatric treatment (cite: Grading the States: An Analysis of U.S. Psychiatric Treatment Laws, Treatment Advocacy Center, 2020). A 2016 peer-reviewed article in the American Psychiatric Association’s journal Psychiatric Services (cite: Hedman LC, Pettila J, Fisher WH, Swanson JW, Dingman DA, Burris S. State Laws on Emergency Holds for Mental Health Stabilization. Psychiatr Serv. 2016 May 1;67(5):529-35. doi: 10.1176/appi.ps.201500205. Epub 2016 Feb 29. PMID: 26927575) For the full text: <https://psychiatryonline.org/doi/10.1176/appi.ps.201500205>.

We screened from those reports, which reviewed all 50 states, a list of the states that currently have involuntary commitment statutes authorizing the following manner of application for involuntary commitment of a person suffering from mental illness: A family-member, friend, or member of the general public may file an application directly with a court, magistrate, mental health board, or quasi-judicial body for a person’s involuntary commitment; and that application is not required to include a medical professional’s affidavit or other attestation of the person’s mental illness.

From the 15 states that met those criteria (plus Kansas, which only permits such applications with leave of the court), we determined the year in which each state enacted those two criteria. The most recent state to enact such a statute appears to be Oklahoma in 1997. For the majority of the 15 states, their relevant statute was enacted prior to 1980.’

In sum, there appears to be no recent statutory change in another state that would allow us to estimate the potential increase or decrease in petitions for involuntary commitment as articulated in LB1040.

However, since a laundry list of interested parties would be able to file claims under the Mental Health Commitment Act, it is reasonable to believe that counties would be required to pay potentially significant fiscal costs that are unfunded.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27</u>	<u>2027-28</u>
	<u>26-27</u>	<u>27-28</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				