

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	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	(3,000,000)	0	0	(3,000,000)
FY2027-2028	0	(3,000,000)	0	0	(3,000,000)
FY2028-2029	0	(3,000,000)	0	0	(3,000,000)

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

LB1258 would establish the following intent of the Legislature:

- To create the Division of Brand Registration, Brand Inspection, and Livestock Theft Investigation under the Department of Agriculture;
- Provide for the registration of brands and the renewal of such registration;
- Provide for statewide brand inspections, as proof of ownership, upon request for a fee;
- Allow producers to use their registered brands to brand their cattle;
- Provide for statewide uniformity of livestock protection;
- Protect and strengthen Nebraska’s livestock industry and competitiveness;
- Provide for an advisory committee to provide feedback to the division; and
- Provide for the adoption and promulgation of rules and regulations relating to livestock protection.

LB1258 would strike 54-191 from the duties of the Risk Manager.

LB1258 would make the following amendments to the Livestock Brand Act:

- Strike references to “Livestock Brand Act” and replaces with “Livestock Protection Act”;
- Strike requirement for visual identifiers to be approved under bill of sale requirements;
- Amend definitions;
- Set administration of the act within the Department of Agriculture, establishes the Division of Brand Registration, Brand Inspection, and Livestock Theft Investigation within the Department of Agriculture;
- Require the Director of Agriculture to appoint a brand recorder to be administrative head of the division, create duties for the brand recorder;
- Amends the inspection fee to cover the actual expense of performing the inspection, describes the payment of the fee;
- Adds “satisfactory evidence of ownership” as an eligible accompaniment to livestock sold or otherwise disposed of in the state;
- Transfers the duties, appropriation, and cash fund balances of the Nebraska Brand Committee to the Department of Agriculture beginning January 1, 2027; and
- Sets the operative date of the act at January 1, 2027.

LB1258 would outright repeal the Nebraska Brand Area, Brand Committee, definitions, grazing permits, slaughter and hide records, and registered feedlots from the Livestock Brand Act.

Regarding appropriation, the Brand Committee’s FY2026-27 total appropriation is \$6,802,519 cash fund and \$4,205,232 salary limit. There will be a reduction of a portion of this appropriation, given the operative date of January 1, 2027, and a commensurate increase of appropriation within the Department of Agriculture resulting in a net-zero appropriation.

As the bill strikes packing houses, registered feedlots, auction houses, registered dairies, and grazing and out-of-state permits, we estimate a revenue reduction of at least \$3,000,000 cash funds per fiscal year. The amount of the decrease in cash fund revenue will exceed this baseline with inspections and associated surcharge revenue becoming required only upon request. However, the amount of the additional reduction is indeterminate. In addition, we estimate a reduction in administrative duties related to inspection being required only upon request, but the total reduction is difficult to estimate. No basis to disagree with the Brand Committee’s estimate for expenditures through January 1, 2027, and ending cash fund balance.

Much of the ongoing cost and revenue related to this legislation is dependent upon the managerial discretion LB1258 affords the Department of Agriculture. LB1258 allows for Agriculture to contract out inspections and investigations and retains the ability for Agriculture to increase the brand registration and renewal fees, however any operational or fee changes under Agriculture’s discretion are indeterminate.

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2026

LB⁽¹⁾ 1258

FISCAL NOTE

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

Prepared by: ⁽³⁾ Kevin Shearman Date Prepared: ⁽⁴⁾ 2/9/26 Phone: ⁽⁵⁾ 402-580-1451

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:

LB1258 would end the Nebraska Brand Committee and establish a division within the Department of Agriculture responsible for protecting brand and livestock owners in the state from the theft of livestock through brand recording, brand inspection services, and livestock theft investigations. The bill requires the Department to provide inspection services upon the request of: (a) law enforcement; (b) court order; (c) a lending institution with a legal or financial interest in the cattle; (d) livestock auction markets and packing plants; (e) anyone involved in the transfer of possession or ownership of livestock; and (f) any livestock owner who is missing cattle. The Department could set an inspection fee of up to \$30 per hour.

The fiscal impact to the Department is indeterminable at this time due to unknown variables such as the potential number of inspections the Department would be required to perform under the Livestock Protection Act. The current inspection program implemented by the Brand Committee is not applicable to LB1258. Currently, the Brand Committee does not track inspections by occurrence, rather they track them based on animal head count. Additionally, the Brand Committee pays intermittent brand inspectors by head count and an hourly rate. Also, other states do not provide a useful model for fiscal analysis because LB1258 uniquely establishes a brand inspection program to verify ownership of the cattle without mandating branding.

Given an estimated weighted hourly salary for inspectors at \$31.84, the unknowns surrounding the number of required inspections, and the only revenue for inspections being a capped \$30 per hour fee, revenue from brand registrations and inspection fees would only partially offset the salary, benefit, and operating expenses to the Department. There would also be significant reduction in force expenses that the Department would incur as a result of the large decrease in FTEs. For these reasons, the Nebraska Brand Inspection and Theft Prevention Cash Fund alone would not be able to provide the necessary funds for the Department to perform the duties set out in LB1258.

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				

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

2026

LB⁽¹⁾ 1258

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Nebraska Brand Committee

Prepared by: ⁽³⁾ Don Arp, Jr.

Date Prepared: 1-28-2026 ⁽⁴⁾

Phone: ⁽⁵⁾ 308-760-0015

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

Revenue

There is no way to predict the volume for a voluntary system, so no calculations on that are provided. Many sources of NBC revenue are eliminated. Revenue stream retained in LB1258 – Brand Related Fees – estimated \$616,500 per year.

Fund Equity

Depending on FY-2025-26 actual experience, there may be \$175,000 or less of fund equity available at the end of the fiscal year.

Transition Costs

The figures below are low as they are based on leave balances as of January 1, 2026. Employee Separation Costs - Vacation Pay Out - 53 employees - \$261,645.35 Employee Separation Costs - Sick Leave Settlement for Retirees - 10 employees - \$62,647.88

Cost of Employees to NE Department of Agriculture

Assuming six positions move over, which includes 4 investigators, 1 brand recorder (per current duties), and 1 management position (LB1258 uses the term 'brand recorder' with duties that are a hybrid of current Business Manager and Executive Director) the cost (includes Yearly Salary Gross, Insurance, Retirement, and Longevity Pay) is as follows:

Criminal Investigators (4): \$494,791.20
Brand Recorder (1): \$93,393.72
Management (1): \$137,772.24
Total: \$725,957.16

Management position could be filled differently and at a later date.

Further, there are yearly optional costs to assume, including:

Criminal Investigators: \$66,500.00
Brand Recorder: \$12,300.00
Management: \$10,000.00
Total: \$88,800

Also, there are operational costs for the Alliance Office Building: \$10,000.00

Note:

Income is based on fees collected over a one-year period, but costs will be immediately incurred by Department of Agriculture for taking on the remaining brand functions and associated employees. This analysis does not provide an estimate of the upfront funding needed to support the transition. Further, there will be expenses incurred by the Department of Agriculture to reduce functions of the brand inspection IT system and handle transferred assets (office space, IT and office equipment, etc.). Also, the Department of Agriculture would become responsible for a large volume of paper records housed in Alliance, Neb., that could need to be relocated, sent to offsite storage, or digitized.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		<u>2026-27</u> <u>EXPENDITURES</u>	<u>2027-28</u> <u>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: 1258 AM: AGENCY/POLT. SUB: Nebraska Brand Committee

REVIEWED BY: Joe Massey DATE: 1/29/2026 PHONE: (402) 471-4181

COMMENTS: No basis to disagree with the Nebraska Brand Committee's assessment of fiscal impact from LB 1258