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LB 759

Revision: 01

Revised due to amendments adopted through March 20, 2014

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB759 incorporates the provisions of LB759 as amended; LB929 as amended; LB713; LB918 and LB977 as follows.

LB759 as amended
Beginning November 15, 2014, each governmental subdivision with a defined benefit plan(s) that is open to new members is to submit an annual actuarial report to the Public Employees Retirement Board (PERB) and the Retirement Committee of the Legislature (the Retirement Committee). Currently, governmental subdivisions with a defined benefit plan(s) are to submit a quadrennial actuarial reports to PERB.

If the actuarial report of the defined benefit plan(s) shows:
1. Contributions do not equal the actuarial requirements for funding, or
2. The funded ratio is less than 80%

Then, the governmental subdivision is to file a report with the Retirement Committee which includes an analysis of the conditions and a recommendation for the circumstances and timing of any future benefit changes, contribution changes or other corrective action.

To the extent that governmental subdivisions, with defined benefit plans, do not currently prepare annual actuarial reports, there would be an increase in costs. It is estimated that the cost of an actuarial report could range from $16,000 to $25,000 based on the cost of an actuarial report of the Judges' and State Patrol Defined Benefit Plans.

Preparation of the report to the Retirement Committee outlining future benefit or contribution changes or other corrective action if the conditions cited above are not met could increase cost. The cost for the preparation of the report should be minimal.

LB929 as amended
LB929 deals with first class cities' police officers' and firefighters' retirement. LB929 defines sex-neutral. There appears to be no fiscal impact.

LB713
LB713 increases the amount available to banks, capital stock financial institutions or qualifying mutual financial institutions in time deposit open accounts (TDOA) from up to $1 million to up to $6 million.

The Nebraska Investment Council estimates a loss of interest earnings based on 1. The difference in interest earnings between the Operating Investment Pool (OIP) and the interest rate of the TDOA's, and 2. An estimate of the potential utilization by banks, capital stock financial institutions or qualifying mutual financial institutions.

There appears to be no way to accurately predict the potential utilization by banks, capital stock financial institutions or qualifying mutual financial institutions.

LB918
LB914 deals with the State and County Defined Contribution Plans. LB918 provides the State Investment Officer flexibility in investment options for the stable return account. There is no fiscal impact to the Investment Council.

LB977
LB977 expands the retirement or pension fund investment options for a city of the primary class or a public power district. LB977 may increase the investment income potential.