

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2018-19</b>		<b>FY 2019-20</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS		\$10,000		\$10,000
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>		\$10,000		\$10,000

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

LB 1012 allows operators of self-service storage facilities to apply for a license to sell insurance which covers the loss or damage to personal property contained in a storage space or in transit during a rental agreement period. The applicant for a license shall pay an initial and renewal annual application fee of up to \$100 as determined by the Department of Insurance (DOI). DOI is authorized to revoke or suspend licenses and impose penalties for violations. An administrative fine of up to \$1,000 may be imposed per violation. Licensees are exempt from continuing education, preclicensing education and examination requirements.

Revenues: The DOI indicates the Self-Storage Association estimates there are about 400 self-storage facilities currently in the state. The department projects about 50% of the operators of self-storage facilities will apply for a license pursuant to the bill. The license fee currently being charged by DOI is \$50, so there will be an increase in annual cash fund revenue of about \$10,000.

It is unknown if there will be any violations of the requirements of the bill by licensees. If so, an administrative fine may be imposed by the DOI. Any revenue received from an administrative fine will be deposited in the Permanent School Fund, the interest from which accrues to the public schools.

Expenditures: There will be a workload increase for the DOI to issue licenses and regulate the issuance of insurance by self-storage facility operators. The agency indicates that existing staff and resources will be able to handle the increased workload.

<b>ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSE</b>		
LB: 1012	AM:	AGENCY/POLT. SUB: Nebraska Department of Insurance
REVIEWED BY: Neil Sullivan	DATE: 1/25/2018	PHONE: <a href="tel:4024714179">(402) 471-4179</a>
COMMENTS: No basis to disagree with the Nebraska Department of Insurance's estimated fiscal impact from LB 1012.		

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

**2018**

**LB<sup>(1)</sup> 1012**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Insurance

Prepared by: <sup>(3)</sup> Robert M. Bell Date Prepared: <sup>(4)</sup> January 25, 2018 Phone: <sup>(5)</sup> (402) 471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	<u>\$10,000</u>	_____	<u>\$10,000</u>
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>\$10,000</u>	<u>_____</u>	<u>\$10,000</u>

Explanation of Estimate:

Legislative Bill 1012 permits the Director of Insurance to issue a limited lines insurance producer license to the operator of a self-service storage facility to sell insurance coverage to a storage facility occupant for the loss of or damage to tangible personal property that is contained in the storage facility.

The legislation allows the Department of Insurance to charge a fee of up to \$100 for applicants of the license and \$100 for renewals. Currently, the Department charges \$50 for applicants and renewals of all types of insurance producer licenses and it is assumed that the Department would charge \$50 for the new license under LB 1012. Information provided to the Department by the Self-Storage Association indicates that approximately 400 self-storage facilities currently exist in Nebraska. The Department presumes 50% of these operators will seek a license, with an estimated 200 applicants in FY2018-19. The license renews annually. This will lead to an increase in cash fund revenue of \$10,000 each fiscal year.

The Department expects that existing staff and resources are capable of handling any increase in licensing, regulating, and monitoring activities.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19 EXPENDITURES</u>	<u>2019-20 EXPENDITURES</u>
	<u>18-19</u>	<u>19-20</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____