PREPARED BY: DATE PREPARED: PHONE: Scott Danigole January 29, 2014 471-0055

**LB 823** 

Revision: 00

## FISCAL NOTE

**LEGISLATIVE FISCAL ANALYST ESTIMATE** 

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	14-15	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.

LB 823 would terminate metropolitan utilities districts as of January 1, 2015. Boards of directors would supervise the sale of all real property, personal property, and vehicles owned by the districts.

The Department of Revenue believes the sale of such property may result in additional tax revenue but cannot determine that impact at this time.

Metropolitan Utilities District (MUD) has provided calendar year estimates for revenue and expenditure reductions. CY 2014 is estimated to be an expenditure reduction of \$341,607,000 and a revenue reduction of \$338,016,000. Although this is the timeframe submitted by MUD, it is believed that these figures actually reflect CY 2015, since the bill's provisions call for a January 1, 2015 termination date. Additionally, the MUD estimates are for *positive* amounts. Since the expenditure and revenue amounts are for reductions, these figures should be shown as *negative* amounts. There is no basis to disagree with these estimates but, since MUD is not a state agency, these numbers are not reflected in the table above.

No fiscal impact to the state.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: <mark>823</mark>	LB: 823 AM: AGENCY/POLT. SUB: Metropolitan Utilities District					
REVIEWED BY: Cindy Miserez DATE: 01/22/2014 PHONE: 402-471-4174						
COMMENTS: The Metropolitan Utilities District (MUD) presents their FYE 12/31 budget for 2014 and 2015 in their fiscal						
note. LB823 terminates the operations of MUD as of January 1, 2015.						

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: 823 AM: AGENCY/POLT. SUB: Nebraska Department of Revenue						
REVIEWED BY: Cindy Miserez DATE: 01/29/2014 PHONE: 402-471-4174						
COMMENTS: The Nebraska Department of Revenue's analysis of fiscal impact for LB 823 appears to be reasonable.						

402-504-7111 Joe

Joseph Schaffart

LB<sup>(1)</sup> 823 FISCAL NOTE

State Agency OR Political Subdivision Name: (2)

Metropolitan Utilities District

Prepared by: (3) Debra Schneider

Date Prepared: (4) Phone: (5) 402-504-7128 Deb

## ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

January 21, 2014

	2014 Calend	ar Year	<u> 2015 Calen</u>	<u>dar Year</u>
	<u>EXPENDITURES</u> <u>REVENUE</u>		<b>EXPENDITURES</b>	<u>REVENUE</u>
GENERAL FUNDS	<u> </u>		<u> </u>	
CASH FUNDS	\$341,607,000	\$338,016,000	\$316,665,000	\$339,837,000
FEDERAL FUNDS	<del>-</del>		<u> </u>	
OTHER FUNDS	<del>-</del>		<u> </u>	
TOTAL FUNDS	\$341,607,000	\$338,016,000	\$316,665,000	\$339,837,000

Explanation of Estimate: The Metropolitan Utilities District reports on a "calendar" year basis; consequently, our response is for calendar year 2014 and 2015 based on our 2014 budget rather than fiscal years as requested on the form. Since the form is requesting "expenditures" rather than "expenses", net expenditures were determined based on revenue less the level of net expenditures required to produce the net increase or decrease in funds for 2014 and 2015. Lines were added to the "Breakdown by Major Objects of Expenditure" to capture additional items that are relevant to the analysis: Long Term Debt Paydown, Proceeds from Debt/Bond Issuance and Other Balance Sheet Changes Impacting Funds. Additionally, the budget addresses selected 2015 "expense" items using an inflation factor applied to 2014 budget details; consequently, "Wages", "Benefits" and "Travel" are reflected at 2014 levels increased by 5%.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE								
Personal Services:								
	NUMBER OF	POSITIONS	2014	2015				
POSITION TITLE	<u>2014</u>	<u>2015</u>	<b>EXPENDITURES</b>	<b>EXPENDITURES</b>				
Wages	849	852	\$ 60,512,000	\$ 63,538,000				
Benefits			50,227,000	52,738,000				
Operating (includes cost of gas			142,916,000	143,782,000				
Travel			149,000	156,000				
Capital Outlay			76,238,000	87,602,000				
Aid								
Capital Improvements								
Long Term Debt Paydown			7,643,000	8,605,000				
Proceeds from Debt/Bond Issuances				(39,756,000)				
Other Balance Sheet Changes Impacting Funds			3,922,000					
TOTAL			\$341,607,000	\$316,665,000				

State Agency Estimate								
State Agency Name: Department	of Revenue				Date Due LFA:	1/21/2014		
Approved by: Kim Conroy		Date Prepare	ed:		Phone: 471-5896			
	FY 2014	<u>1-2015</u>	FY 2015	5-2016	FY 20	16-2017		
	<b>Expenditures</b>	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds		\$ 0		\$ 0		\$ 0		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds		\$ 0		\$ 0		\$ 0		
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LB 823 would terminate metropolitan utilities districts effective January 1, 2015. The board of directors of metropolitan utilities districts would supervise the sale of all real property, tangible depreciable personal property, and motor vehicles owned and used by metropolitan utilities districts.

While the disposition of assets and real property by metropolitan utilities districts may result in additional tax revenue for state and local governments, the impact to the General Fund is not determinable.

It is estimated that there will be no cost to the Department to implement this bill.

This bill has the emergency clause, and becomes operative upon signing.

Major Objects of Expenditure								
Class Code	Classification Title	14-15 <u>FTE</u>	15-16 <u>FTE</u>	16-17 <u>FTE</u>	14-15 Expenditures	15-16 Expenditures	16-17 Expenditures	
Benefits								
Operating Costs.								
Travel								
Capital Outlay								
Aid								
Capital Improvements.								
Total					•			