

LB 306 FISCAL NOTE

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Updated for the 1998 Session. Includes any amendments adopted to date.

	FY 1998-99		FY 1999-00	
	Expenditures	Revenue	Expenditures	Revenue
GENERAL	See below		See below	
CASH				
FEDERAL				
OTHER				
TOTAL	\$0	\$0	\$0	\$0

LB 306 would establish the Government Efficiency Commission consisting of the Commissioner of Education and four members appointed by the Governor, with one of the appointees to be a mayor of a Nebraska municipality and another to be a member of a Nebraska county board. According to provisions of the bill, no political subdivision would be authorized to undertake a capital construction project with an estimated total project cost of at least \$5 million or 20 percent of the total general fund expenditures (as defined in the bill) of the political subdivision in the most current year available, whichever is less, unless the project has been reviewed and approved by the Government Efficiency Commission.

The bill would require the Government Efficiency Commission to establish standards (at least some of which are specified in the bill) for determining whether to approve or disapprove capital construction projects proposed by political subdivisions. The state level fiscal impact of the proposed legislation would depend greatly upon the depth and breadth of project review standards that would be adopted by the commission as well as the volume of proposals and the extent of review accorded each project submitted by political subdivisions for commission approval. While the bill does not clearly specify as to which state agency administrative support for the commission would primarily be assigned, the Department of Administrative Services provides cost estimates of staff and related costs to support the commission. Such estimates (annualized at \$234,225 for FY 98-99), would appear to reflect assumed review standards of a significant extent in addition to fairly extensive staff support and involvement in the commission's project review function. The commission could opt for less extensive review standards and staff support for a more cursory project approval/disapproval process.

Costs incurred by political subdivisions as the result of LB 306 would include costs associated with the preparation and submission of project proposals for commission review. Such costs would depend greatly upon the extent of the standards and review process adopted by the commission and would vary by political subdivision depending upon the volume and frequency of projects that would be required to be submitted for commission review (i.e., projects with estimated costs exceeding the dollar threshold established in the bill). The commission's project

review and approval/disapproval process could result in fewer and more efficient (i.e., joint use, nonduplicative) capital construction projects undertaken by political subdivisions and therefore reductions in related political subdivision expenditures. However, it would appear that political subdivisions could circumvent the intent of the proposed legislation simply by phasing large projects (for example, constructing a facility as multiple distinct projects over multiple years) so as to keep estimated total ("district") project costs below the threshold dollar level requiring commission approval. To the extent such would occur, the commission could have few projects to review and fiscal impacts to political subdivisions directly attributable to LB 306 could be nominal.

Note: The first division of FA204 to LB 306 was adopted during the 1997 legislative session. Provisions the same as those included in this amendment were enacted in LB 269 (1997). Therefore the amendment adopted to LB 306 would effectively appear moot and the fiscal impact of LB 306 as amended would remain as the impact of the bill as originally introduced..