

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below	(\$1,589,592)	See below	(\$1,589,592)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	(\$1,589,592)	See below	(\$1,589,592)

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

LB646 would make the following amendments to the Nebraska Livestock Brand Act:

- Creates a definition for exempt feedlot under the Livestock Brand Act;
- Sets that all registered feedlots would be exempt on the effective date of the act unless requestion to remain as a registered feedlot under the act;
- Allows 120 days from the passage of LB646 for registered feedlots to submit an application to remain registered to the Brand Committee;
- Allows for persons who operate a cattle feeding operation within the brand inspection area that is not designated as an exempt feedlot to apply for designation as an exempt feedlot and describes the application form and process;
- Creates a \$500 fee for the application;
- Requires the Brand Committee to investigate the application and approve or deny the exemption within thirty days of receipt of the application; and
- Prohibits brand inspections, audits, or fees for cattle coming into an exempt feedlot or out of an exempt feedlot directly to slaughter.

No basis to disagree with the Nebraska Brand Committee's estimates for revenue loss as a result of this legislation. LB646 also reduces the duties of the Brand Committee's inspections. Per the Brand Committee's fiscal note, LB646 would result in approximately 1,200,000 less head of cattle inspected per year. Average head of cattle inspected from years 1984-1985 – 2022-2023 indicate an average inspection of approximately 3,700,000 head of cattle inspected per year. As such, this legislation would reduce the duties of the Brand Committee by approximately 30%. A reduction in expenditures in salaries, benefits, and travel by 30% would reduce expenditures by \$1,853,789 in FY25-26 and \$1,909,258 in FY26-27. However, inspection at feedlots provide efficiencies of scale – the amount of which is unknown. The Brand Committee would likely have to engage in a combination of reduction in force and fee increase to accommodate the indeterminable reduction in duties.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 646	AM:	AGENCY/POLT. SUB: Nebraska Brand Committee	
REVIEWED BY: Joe Massey	DATE: 1/31/2025	PHONE: (402) 471-4181	
COMMENTS: No basis to disagree with the Nebraska Brand Committee assessment of fiscal impact from LB 646			

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2025

LB⁽¹⁾ 646

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Brand Committee

Prepared by: ⁽³⁾ Don Arp, Jr. Date Prepared: ⁽⁴⁾ 1-29-2025 Phone: ⁽⁵⁾ 308-760-0015

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FUNDS	<u>0</u>	<u>(\$1,589,592)</u>	<u>0</u>	<u>(\$1,589,592)</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS	<u>0</u>	<u>(\$1,589,592)</u>	<u>0</u>	<u>(\$1,589,592)</u>

Explanation of Estimate:

RFL Renewal Fees: Looking at the upcoming year of renewals, which incorporates the \$1 per head rate change approved by the Committee in June 2024, NBC will lose approximately \$1,192,500.

Inspections into RFLs: Based on our experience from January 2024 through June 2024, NBC averaged approximately \$33,091.00 per month in fees for inspections on animals entering an RFL. Extrapolated out 12 months, that is \$397,092.00, but this number is likely higher for the next fiscal year as the per head fee was \$0.85 from January to June 2024.

Non-RFLs Becoming Exempt: Currently, NBC does not keep any specific records on non-registered feedlots and it is impossible to calculate how many would apply for exemption, so there would be even more lost revenue if current non-RFLs seek exemption. The \$500 application fee is likely to only offset staff time to adjudicate the application and will not replace lost fee revenue in any meaningful way.

Projected Impact on Budget: Based on the estimates above, the Brand Committee will likely experience a loss of at least 24.4% of its revenue in FY25-26 and 23.8% in FY26-27. Cuts in revenue do not make an equal cut in operations costs as staff handling RFLs provide other inspection services elsewhere. Lost funding could be replaced by increased fees (which would likely require statutory changes) or financial support outside of our fees structure.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				