

Revised to include the impact of Select File amendments.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	2,083,086	(2,700,000)	2,082,086	(2,700,000)
CASH FUNDS	3,000,000	3,000,000	3,000,000	3,000,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	5,083,086	300,000	5,082,086	300,000

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 701 would amend various sections of law governing the Department of Natural Resources, the Department of Agriculture, grain checkoff programs and natural resources districts. The fiscal impact of LB 701 includes the following:

Riparian vegetation management program – A Riparian Vegetation Management Task Force would be established and the Department of Agriculture would be authorized to receive applications and award grants for the management of vegetation within the banks of a natural stream or within one hundred feet of the banks of a channel of any natural stream. Grants would be disbursed to weed control authorities and natural resources districts whose territory includes a river basin that has been designated as fully appropriated or overappropriated by the Department of Natural Resources. Funding for this program would total \$2,083,086 General Funds in FY07-08 and \$2,082,086 General Funds in FY08-09. Of that total, \$2,000,000 would be earmarked as state aid and the remainder would be used for task force and Department of Agriculture expenses. This program would sunset at the end of FY2808-09.

Water Resources Cash Fund – A Water Resources Cash Fund would be established in the Department of Natural Resources to aid management actions taken to reduce consumptive uses of water in river basins deemed by the department to be fully or overappropriated, and to conduct a statewide assessment of short and long-term water management activities and funding needs. The fund may be by the department or by natural resources district activities, except that staff and administrative costs could not be paid from the fund. The fund would receive revenue from two sources established in LB 701:

- A \$2,700,000 General Fund transfer to the Water Resources Cash Fund is authorized in both FY07-08 and FY08-09, and LB 701 also states in intent language that \$2,700,000 General Funds will be transferred to the cash fund from FY09-10 through FY18-19. (Note: The transfers are shown above as a General Fund revenue loss.)
- A 3/5 checkoff on corn and grain sorghum sold beginning October 1, 2012 and before October 1, 2019 would be authorized for deposit into the fund. Actual revenue realized from this checkoff would depend upon production levels at that time, but it is estimated that approximately \$7,545,000 in revenue could be realized on an annual basis.

It is anticipated that a \$300,000 annual grant from the Nebraska Environmental Trust may be also be available, but the grants are not directly authorized in LB 701.

Based upon the above funding sources, the estimated total revenue to the fund is shown below:

Fiscal Year	General Funds	Checkoff	Environ. Trust	Total
FY07-08	\$2,700,000	0	\$300,000	\$ 3,000,000
FY08-09	\$2,700,000	0	\$300,000	\$ 3,000,000
FY09-10	\$2,700,000	0	\$300,000	\$ 3,000,000
FY10-11	\$2,700,000	0	\$300,000	\$ 3,000,000
FY11-12	\$2,700,000	0	\$300,000	\$ 3,000,000
FY12-13	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000
FY13-14	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000
FY14-15	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000

(Estimated total revenue continues on page 2)

Water Resources Cash Fund summary, continued:

Fiscal Year	General Funds	Checkoff	Environ. Trust	Total
FY15-16	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000
FY16-17	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000
FY17-18	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000
FY18-19	\$2,700,000	\$7,545,000	\$300,000	\$10,545,000
TOTAL	\$32,000,000	\$52,815,000	\$3,600,000	\$88,815,000

Department of Natural Resources, FY06-07 actions -- LB 701 allows the Department of Natural Resources to undertake measures in FY06-07 to further facilitate compliance with interstate compact or decree stipulations. A total of \$3,000,000 General Funds would be appropriated in FY06-07 to allow the agency to carry out these measures.

Department of Natural Resources regulatory actions – Provisions of LB 701 would add provisions regarding the registration of water wells and methods to ensure compliance with an interstate compact or decree. It is estimated that the Department of Natural Resources could carry out these provisions within their existing budget.

Political subdivision impact – LB 701 would extend through FY2011-12 the current 3 cent levy authority granted to natural resources districts with territory located in a river basin that has been deemed to be fully or over appropriated.

In addition, LB 701 authorizes districts whose territory includes a river basin subject to an interstate compact among three or more states that also include one or more irrigation district to issue river flow enhancement bonds. The bonds would be payable by following sources authorized in LB 701:

- A property tax of 10 cents per \$100 of valuation could be assessed by districts meeting the above criteria. It is estimated that a one cent property tax increase the three districts eligible to assess this tax would yield approximately \$420,000 in revenue. Thus, a maximum of \$4,200,000 in revenue could be realized annually if the maximum levy were assessed in all three districts. Actual revenue realized will depend upon the decisions made by natural resources district boards.
- An occupation tax of \$10 per acre for irrigation of agricultural lands could be assessed in districts meeting the above criteria. The amount of revenue will depend upon actions undertaken by district boards, and will be contingent upon the number of acres in irrigation when the tax is assessed. It is estimated that \$10,000,000 to \$12,000,000 could be realized annually in the three districts that would be eligible to assess the fees.

There may be additional expenses to districts to implement provisions of LB 701. An estimate of the administrative expenses by district is not available at this time.