

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

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates) |                   |             |                   |         |
|---|-------------------|-------------|-------------------|---------|
|   | <b>FY 2013-14</b> |             | <b>FY 2014-15</b> |         |
|   | EXPENDITURES      | REVENUE     | EXPENDITURES      | REVENUE |
| GENERAL FUNDS   |                   |             |                   |         |
| CASH FUNDS  | 3,000,000         | See below   |                   |         |
| FEDERAL FUNDS   |                   |             |                   |         |
| OTHER FUNDS   |                   | (See below) |                   |         |
| TOTAL FUNDS   | 3,000,000         | See below   |                   |         |

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

LB 517 would establish the Water Sustainability Project Task Force. The task force would be administratively located in the Department of Natural Resources. The task force would be directed to provide a report by January 31, 2014 that identifies water resources programs, projects, and activities in need of funding in order to meet the long-term statewide goals of water sustainability, increased water use productivity, and maximizing the beneficial use of water resources.

The Department of Natural Resources estimates that \$3,000,000 would be spent to contract with special experts to carry out the analysis required by LB 517. There is no basis to disagree with the agency estimate regarding the cost to carry out a comprehensive planning project in the timetable contemplated in LB 517.

The Water Sustainability Project Task Force Cash Fund would be created and would receive revenue from transfers from the Severance Tax Fund. The fund would be used at the direction of the task force. It is estimated that a \$3,000,000 transfer from the Severance Tax Fund to the Water Sustainability Project Task Force Cash Fund would be needed to be carried out to accomplish the objectives of LB 517. Severance tax revenue in recent years is shown below:

|      |                |
|------|----------------|
| 2009 | \$2.87 million |
| 2010 | \$3.99 million |
| 2011 | \$5.15 million |
| 2012 | \$5.35 million |

Severance tax revenue is deposited into the Severance Tax Fund on a monthly basis and is also transferred out to the Permanent School Fund on a monthly basis. It is estimated that balance of the Severance Tax Fund will not be sufficiently high on the effective date of LB 517 to fully fund a transfer to the Water Sustainability Project Task Force Cash Fund. Transfers out of the Severance Tax Fund would result in a loss of revenue to the Permanent School Fund.

| <b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>  |     |  |                     |
|--|-----|--|---------------------|
| LB: 517  | AM: | AGENCY/POLT. SUB: Nebraska Energy Office |                     |
| REVIEWED BY: Cindy Miserez   |     | DATE: 1/31/2013                          | PHONE: 402-471-4174 |
| COMMENTS: Concur with Nebraska Energy Office's statement of no fiscal impact as long as an amount up to \$300,000 remains available, since the additional Severance Tax Fund transfer to new task force is stated as \$XXX amount. |     |  |                     |

| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES   |             |   |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
|--|-------------|---|---------------------|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|
| LB: 517  | AM:         | AGENCY/POLT. SUB: Department of Natural Resources |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
| REVIEWED BY: Cindy Miserez   |             | DATE: 2/1/2013                                    | PHONE: 402-471-4174 |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
| <p>COMMENTS: I concur with the analysis and conclusions of the Department of Natural Resources. If DNR enters into agreements with the Task Force, additional cash fund appropriation and funding will be required. The funding source identified in LB517 is the Severance Tax Fund. This is a distributive fund. The Public Service Commission receives up to \$30,000 per year. The Nebraska Energy Office receives up to \$300,000 per year. The remainder of available funds is distributed each month to the permanent school fund. Additional distribution of funds to the Water Sustainability Project Task Force could diminish or eliminate the distribution to the permanent school fund thus depriving the permanent school fund of principle and interest.</p> <p>Technical Note: The requirement in Sec. 7(2) that a transfer to the Water Sustainability Project Task Force occur on the effective date of this act is not executable.</p> <p>History of Severance Tax prior to any distributions as reported on the Nebraska Department of Revenue website:</p> <table border="1"> <tbody> <tr><td>2011</td><td>\$5,149,167</td></tr> <tr><td>2010</td><td>\$3,660,130</td></tr> <tr><td>2009</td><td>\$2,874,122</td></tr> <tr><td>2008</td><td>\$5,854,736</td></tr> <tr><td>2007</td><td>\$2,893,513</td></tr> <tr><td>2006</td><td>\$2,795,615</td></tr> <tr><td>2005</td><td>\$2,926,421</td></tr> <tr><td>2004</td><td>\$2,191,054</td></tr> <tr><td>2003</td><td>\$1,844,535</td></tr> <tr><td>2002</td><td>\$1,454,718</td></tr> <tr><td>2001</td><td>\$1,867,999</td></tr> <tr><td>2000</td><td>\$2,107,526</td></tr> </tbody> </table> |             |   |                     | 2011 | \$5,149,167 | 2010 | \$3,660,130 | 2009 | \$2,874,122 | 2008 | \$5,854,736 | 2007 | \$2,893,513 | 2006 | \$2,795,615 | 2005 | \$2,926,421 | 2004 | \$2,191,054 | 2003 | \$1,844,535 | 2002 | \$1,454,718 | 2001 | \$1,867,999 | 2000 | \$2,107,526 |
| 2011   | \$5,149,167 |   |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
| 2010   | \$3,660,130 |   |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
| 2009   | \$2,874,122 |   |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
| 2008   | \$5,854,736 |   |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
| 2007   | \$2,893,513 |   |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
| 2006   | \$2,795,615 |   |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
| 2005   | \$2,926,421 |   |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
| 2004   | \$2,191,054 |   |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
| 2003   | \$1,844,535 |   |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
| 2002   | \$1,454,718 |   |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
| 2001   | \$1,867,999 |   |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |
| 2000   | \$2,107,526 |   |                     |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |      |             |

| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES   |     |   |                     |
|--|-----|---|---------------------|
| LB: 517  | AM: | AGENCY/POLT. SUB: Public Service Commission |                     |
| REVIEWED BY: Cindy Miserez   |     | DATE: 1/30/2013                             | PHONE: 402-471-4174 |
| COMMENTS: Concur with Public Service Commission's statement of no fiscal impact as long as an amount up to \$30,000 remains available to transfer, since additional Severance Tax Fund transfer to new task force is stated as \$XXX amount. |     |   |                     |

| ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES                                   |     |  |                     |
|--|-----|--|---------------------|
| LB: 517  | AM: | AGENCY/POLT. SUB: Nebraska Department of Revenue |                     |
| REVIEWED BY: Cindy Miserez   |     | DATE: 2/11/2013                                  | PHONE: 402-471-4174 |
| COMMENTS: I concur with the Nebraska Department of Revenue's statement of no fiscal impact to the Department of Revenue. |     |  |                     |

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

**2013**

**LB<sup>(1)</sup> 517 FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Energy Office

Prepared by: <sup>(3)</sup> Danielle Jensen Date Prepared: <sup>(4)</sup> 1/31/2012 Phone: <sup>(5)</sup> 471-3360

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

|               | <u>FY 2013-14</u>   |                | <u>FY 2014-15</u>   |                |
|---------------|---------------------|----------------|---------------------|----------------|
|               | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____               | _____          | _____               | _____          |
| CASH FUNDS    | _____               | _____          | _____               | _____          |
| FEDERAL FUNDS | _____               | _____          | _____               | _____          |
| OTHER FUNDS   | _____               | _____          | _____               | _____          |
| TOTAL FUNDS   | =====               | =====          | =====               | =====          |

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Nebraska Revised State Statute § 57-705 (2) states "Of the balance of the Severance Tax Fund received from other than school lands (a) the Legislature may transfer an amount to be determined by the Legislature through the appropriations process up to three hundred thousand dollars for each year to the State Energy Office Cash Fund." The fiscal impact of LB 517 to the State Energy Office Cash Fund would be neutral if up to \$300,000 remains for the agency appropriations.

The Energy Office receives state cash funds for administration found in 81-1601 to 81-1607 of the Nebraska Revised Statutes.

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

| <u>POSITION TITLE</u>     | <u>NUMBER OF POSITIONS</u> |              | <u>2013-14<br/>EXPENDITURES</u> | <u>2014-15<br/>EXPENDITURES</u> |
|---------------------------|----------------------------|--------------|---------------------------------|---------------------------------|
|                           | <u>13-14</u>               | <u>14-15</u> |                                 |                                 |
| _____                     | _____                      | _____        | _____                           | _____                           |
| _____                     | _____                      | _____        | _____                           | _____                           |
| Benefits.....             |                            |              |                                 |                                 |
| Operating.....            |                            |              |                                 |                                 |
| Travel.....               |                            |              |                                 |                                 |
| Capital outlay.....       |                            |              |                                 |                                 |
| Aid.....                  |                            |              |                                 |                                 |
| Capital improvements..... |                            |              |                                 |                                 |
| TOTAL.....                |                            |              |                                 |                                 |

**LB<sup>(1)</sup> 517 FISCAL NOTE**

State Agency OR Political Subdivision  
Name: <sup>(2)</sup>

Natural Resources

Prepared by: Ron Theis  
<sup>(3)</sup>

Date Prepared: 1/25/13  
<sup>(4)</sup>

Phone: 402 471 0577  
<sup>(5)</sup>

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

|                    | <u>FY 2013-14</u>   |                  | <u>FY 2014-15</u>   |                |
|--------------------|---------------------|------------------|---------------------|----------------|
|                    | <u>EXPENDITURES</u> | <u>REVENUE</u>   | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS      |                     |                  |                     |                |
| CASH FUNDS         | 3,000,000           | 3,000,000        |                     |                |
| FEDERAL FUNDS      |                     |                  |                     |                |
| OTHER FUNDS        |                     |                  |                     |                |
| <b>TOTAL FUNDS</b> | <b>3,000,000</b>    | <b>3,000,000</b> |                     |                |

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

No fiscal impact is projected for DNR’s performance of administrative and budgetary activities related to the Water Sustainability Task Force. However the bill proposes that the Task Force contract with DNR to utilize department employees to perform Task Force’s work as delineated in sections 1, 2, and 3. DNR does not have the uncommitted resources or appropriation to provide these services. The cost to provide these services is estimated at \$3 million.

Performance of the work necessary for the Water Sustainability Task Force to achieve its objectives would require significant resources with specific expertise in water resources management. Should DNR be charged to perform the work required to produce the defined report, DNR would require the retention of outside contract resources to perform the effort and to offset the impact of committing key DNR staff to outside contractor oversight and direction. Since DNR staffing is based on the resources needed by the department to meet current statutory obligations, it does not have sufficient staff to accomplish the scope of work identified within the limited timeframe for completion of the Task Force’s report.

Based on the scope of work identified, DNR estimates that it would require approximately one year of dedicated time of an additional 15 staff to accomplish the work, including the coordination, planning, and analysis necessary to support the effort. Annual staff costs for that additional staff are approximately \$1.5 million including benefits. On that basis, after factoring in the identified schedule for completion of the Task Force’s report and outside contractor fees that typically run twice that of internal costs, DNR estimates that outside contractor costs could be in the range of approximately \$3 million.

**MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

| <u>POSITION TITLE</u>     | <u>NUMBER OF POSITIONS</u> |              | <u>2013-14</u>      | <u>2014-15</u>      |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
|                           | <u>13-14</u>               | <u>14-15</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____                     | _____                      | _____        | _____               | _____               |
| _____                     | _____                      | _____        | _____               | _____               |
| Benefits.....             |                            |              | _____               | _____               |
| Operating.....            |                            |              | _____               | _____               |
| Travel.....               |                            |              | _____               | _____               |
| Capital outlay.....       |                            |              | _____               | _____               |
| Aid.....                  |                            |              | _____               | _____               |
| Capital improvements..... |                            |              | _____               | _____               |
| TOTAL.....                |                            |              | _____               | _____               |

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

**2013**

**LB<sup>(1)</sup> 517 FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Public Service Commission

Prepared by: <sup>(3)</sup> John Burvainis Date Prepared: <sup>(4)</sup> 1/29/13 Phone: <sup>(5)</sup> 471-0240

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

|               | <u>FY 2013-14</u>   |                | <u>FY 2014-15</u>   |                |
|---------------|---------------------|----------------|---------------------|----------------|
|               | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____               | _____          | _____               | _____          |
| CASH FUNDS    | _____               | _____          | _____               | _____          |
| FEDERAL FUNDS | _____               | _____          | _____               | _____          |
| OTHER FUNDS   | _____               | _____          | _____               | _____          |
| TOTAL FUNDS   | =====               | =====          | =====               | =====          |

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

No fiscal impact.

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

| <u>POSITION TITLE</u>     | <u>NUMBER OF POSITIONS</u> |              | <u>2013-14</u>      | <u>2014-15</u>      |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
|                           | <u>13-14</u>               | <u>14-15</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____                     | _____                      | _____        | _____               | _____               |
| _____                     | _____                      | _____        | _____               | _____               |
| Benefits.....             | _____                      | _____        | _____               | _____               |
| Operating.....            | _____                      | _____        | _____               | _____               |
| Travel.....               | _____                      | _____        | _____               | _____               |
| Capital outlay.....       | _____                      | _____        | _____               | _____               |
| Aid.....                  | _____                      | _____        | _____               | _____               |
| Capital improvements..... | _____                      | _____        | _____               | _____               |
| TOTAL.....                | _____                      | _____        | _____               | _____               |

