Jeanne Glenn February 11, 2013 402-471-0056

LB 517

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	3-14	14-15					
	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.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES								
LB: 517 AM: AGENCY/POLT. SUB: Nebraska Energy Office								
REVIEWED BY: Cindy Miserez	DATE: 1/31/2013	PHONE: <u>402-471-4174</u>						
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: <mark>517</mark> AM:	AGENCY/POLT	. SUB: Departme	ent of Natural Resources						
REVIEWED BY: Cindy Miserez	I	DATE: 2/1/2013	PHONE: <u>402-471-4174</u>						
,	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									
			Public Service Commission receives up to						
\$30,000 per year. The Nebraska Energy									
			funds to the Water Sustainability Project Task						
	ribution to the pern	nanent school tund t	hus depriving the permanent school fund of						
principle and interest.	7(2) that a transfo	r to the Water Susta	inability Project Task Force occur on the						
effective date of this act is not executable									
History of Severance Tax prior to any dis		ted on the Nebraska	Department of Revenue website:						
		149,167							
		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							
		844,535							
		454,718							
		867,999							
	2000 \$2,	107,526							

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES							
LB: <mark>517</mark>	LB: 517 AM: AGENCY/POLT. SUB: Public Service Commission						
REVIEWED E	BY: Cindy Misere	Z	DATE: 1/30/2013	PHONE: <u>402-471-4174</u>			
COMMENTS: Concur with Public Service Commission's statement of no fiscal impact as long as an amount up to \$30,000							
remains availa	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	DATE: 2/11/2013 PHONE: <u>402-471-4174</u>					
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.

LB ⁽¹⁾ 517 FI	SCAL NOTE						
State Agency OR Polit	tical Subdivision Name: ⁽²⁾	Nebraska Energy Office					
Prepared by: ⁽³⁾ Danielle Jensen		Date Prepared: ⁽⁴⁾ <u>1/31/2012</u> Phone: (Phone: (5)	471-3360		
	ESTIMATE PROVIDEI) BY STATE AGENC	Y OR POLITICAL S	<u>UBDIVISIO</u>	N		
	FY 202		EVDENDITU	<u>FY 2014-</u>			
	EXPENDITURES	<u>REVENUE</u>	<u>EXPENDITU</u>	<u>KES</u>	<u>REVENUE</u>		
GENERAL FUNDS							
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS							
Return by date specifie	ed or 72 hours prior to public he	earing, whichever is earl	ier.				

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

LB⁽¹⁾ 517 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾		Natural Resources						
Prepared by: Ron Theis (3)		Date Prepared: 1/25/13 (4)		Pho (5)	one:	402 471 0577		
ESTIMATE			OVIDED BY	STATE AGE	NCY OR POL	ITICAL	<u>SUBDIVISIC</u>	<u> </u>
]	FY 2013-14			FY 2014-1	<u>5</u>	
	<u>]</u>	EXPENDITU	RES	<u>REVENUE</u>	EXPE:	NDITUI	RES	<u>REVENUE</u>
GENERAL FU	NDS							
CASH FUNDS		3,000,000		3,000,000				
FEDERAL FUNDS								
OTHER FUND	S							
TOTAL FUND	S	3,000,000		3,000,000			:	

<u>Return by date specified or 72 hours prior to public hearing, whichever is earlier.</u> 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:

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

Please complete \underline{ALL} (5) blanks in the first three lines.

LB ⁽¹⁾ 517 F	FISCAL NOTE						
State Agency OR Political Subdivision Name: ⁽²⁾		Nebraska Public Service Commission					
Prepared by: ⁽³⁾ John Burvainis		Date Prepared: ⁽⁴⁾	1/29/13 Ph	hone: ⁽⁵⁾ 471-0240			
	ESTIMATE PROVIDEI	<u>D BY STATE AGENC</u>	Y OR POLITICAL SUB	DIVISION			
	<u>FY 20</u> EXPENDITURES	<u>13-14</u> REVENUE	<u>EXPENDITURES</u>	<u>FY 2014–15</u> S REVENUE			
GENERAL FUND							
CASH FUNDS							
FEDERAL FUND	s						
OTHER FUNDS							
TOTAL FUNDS							
<u>Return by date speci</u>	fied or 72 hours prior to public h	<u>earing, whichever is earl</u>	ier.				

Explanation of Estimate:

No fiscal impact.

MAJOR OBJECTS OF EXPENDITURE							
Personal Services:							
POSITION TITLE	NUMBER OF POSITIONS <u>13-14</u> <u>14-15</u>		2013-14 <u>EXPENDITURES</u>	2014-15 <u>EXPENDITURES</u>			
Benefits							
Operating							
Travel							
Capital outlay							
Aid							
Capital improvements							
TOTAL							

Fiscal Note 2013

		State Agency	y Estimate			
State Agency Name: Department	of Revenue				Date Due LFA:	2/11/13
Approved by: Douglas Ewald		Date Prepared	: 2/6/13		Phone: 471-5896	
	FY 201	3-2014	FY 201	4-2015	<u>FY 20</u>	15-2016
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$ 0		\$ 0		\$ 0
Cash Funds		See below				
Federal Funds						
Other Funds		See below				
Total Funds		\$ 0		\$ 0		\$ 0

LB 517 would create the Water Sustainability Project Task Force (Task Force) consisting of 15 members, 12 appointed by the Natural Resources Committee of the Legislature and three appointed by the Governor. The Director of Natural Resources, the chairperson of the Nebraska Natural Resources Commission and the Secretary of the Game and Parks Commission would be ex officio members. The Task Force would be housed within the Department of Natural Resources.

By January 1, 2014 the Task Force is to report on: (1) any research and modeling to assist the state in reaching its water supply goals; (2) any project to rehabilitate or restore the water supply; (3) any conjunctive management activity; and (4) Nebraska's compliance with interstate agreements. The Task Forces is also to make recommendations for prioritizing water supply projects and determining which should receive statewide funding. The statewide funding priorities are to be determined based upon the extent to which the projects meet the state's obligations under interstate compacts, cost-effectiveness, the availability of local or federal dollars to leverage, and contributions to water supply management goals.

The bill would also create the Water Sustainability Project Task Force Cash Fund, consisting of a transfer of an undetermined amount of severance tax dollars on the effective date of the act. The Task Force is to terminate February 1, 2014.

It is estimated that this bill will have no fiscal impact on the General Fund. The funds will effectively transfer from the Permanent School Fund to the Water Sustainability Project Task Force Cash Fund.

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

Major Objects of Expenditure							
<u>Class Code</u>	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 <u>Expenditures</u>	14-15 <u>Expenditures</u>	15-16 <u>Expenditures</u>
Benefits							
Operating Costs							
Travel							
Capital Outlay							
Aid							
Capital Improvements							
Total							