

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

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

Among its provisions, Sec. 1(2)(b) of LB704 effectively expresses intent to appropriate \$50,000 (source of funds for appropriation not specified) to the Department of Administrative Services (DAS) for FY2021-22 to analyze and compile the results of the Nebraska Benchmarking and Beyond Initiative to assess utilization of resources, including using in-state renewable energy generation for state-owned buildings, reduction of energy consumption in state-owned buildings, and other measures to increase energy efficiency in state-owned buildings.

Sec. 1(4) of the bill directs DAS to prepare a request for proposals (RFP) for contracts for purchase of energy to meet a requirement that, of all energy purchased for state-owned buildings, the State of Nebraska shall purchase at least the following specified proportions from renewable energy sources:

By: 2022 50% 2028 70%
 2025 60% 2031 80%

LB704 further directs DAS to compile a report including an examination of historic/current energy use, expenditures and sources as well as other specified matters relating to energy generation and use. The bill also Directs DAS to receive input from a working group of public and other entities as specified in the legislation and assist the group in development of a plan for submission to the Legislature.

Additionally, Sec. 1(6) of LB704 requires the transportation service bureau of DAS to conduct a study to determine a cost-effective method of investing in electronic vehicles for use by the State of Nebraska and contingently identifies the Volkswagen Settlement Cash Fund as the source of funds to support the study should the fund be created.

The fiscal impact of LB704 is uncertain.

Sec.1(2)(b) of the bill references an appropriation of \$50,000 for FY2021-22 to analyze and compile the results of the Nebraska Benchmarking and Beyond Initiative, however, the source of funds for the referenced future appropriation is not specified. An appropriation of the related amount from either the General Fund or the State Building Revolving Fund could be considered, presumably in response to a related budget request by DAS for the 2021-23 biennium should LB704 be enacted.

Sec. 1(4) of the bill directs DAS to prepare an RFP for contracts for purchase of energy to meet a requirement that, of all energy purchased for state-owned buildings, the State of Nebraska shall purchase minimum specified proportions from renewable energy sources for years as designated in the bill. The nature of proposals that may ultimately be received in response to such an RFP are unknown and it is unknown what action DAS may take in response to any such future proposals received.

Sec. 1(6) of the bill provides that costs of a study of State of Nebraska use of electronic vehicles to be conducted by the transportation service bureau of DAS are to be supported by amounts from the Volkswagen Settlement Cash Fund, if created. Funding from this source are contingent upon creation of the Fund as well as availability of amounts from the fund for this purpose should the fund be created.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 704 AM: AGENCY/POLT. SUB: Energy Office

REVIEWED BY: Neil Sullivan DATE: 1/29/2019 PHONE: (402) 471-4179

COMMENTS: No basis to disagree with the Energy Office estimate of no fiscal impact from LB 704.

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

2019

LB⁽¹⁾ 704

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Administrative Services (DAS) Task Force for Building Renewal (TFBR), State Building Division (SBD), the Office of the Capitol Commission (OCC) and Transportation Services Bureau (TSB)

Prepared by: ⁽³⁾

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	50,000	_____	50,000	_____
TOTAL FUNDS	50,000	_____	50,000	_____

Explanation of Estimate:

LB 704 provides a \$50,000 appropriation for fiscal year 2021-22 to analyze and compile the results of the Nebraska Benchmarking and Beyond Initiative to assess utilization of resources, including in-state renewable energy generation of electricity for state-owned buildings, reduction of energy consumption and other measures to increase energy efficiency in state-owned buildings. This would also require an increase in revolving fund appropriation in FY21-22 which is in the following biennium.

The bill requires the Department of Administrative Services (DAS) to prepare requests for proposals and to enter into contracts to purchase electricity generated using renewable energy for state-owned buildings to meet the requirements of this bill: (a) 50% by 2022; (b) 60% by 2025; (c) 70% by 2028; and (d) 80% by 2031. DAS is also required to analyze available data and studies and prepare a compilation that includes; (a) an examination of current energy usage, expenditures and sources for all state-owned building; (b) analysis of opportunities for cost savings through increased utilization of renewable energy/conservation; (c) co-location of renewable energy generation facilities; (d) barriers to increased utilization; and (e) other relevant information.

The cost of utilities is a huge component when DAS State Building Division (SBD) calculates biennial rental rates. Utility contracts for electricity generated by using renewable energy could be more expensive than current costs. These increases could result in the need to increase rental rates at the facilities managed by DAS – SBD. This would include state office buildings and the 24/7 facilities.

The table below summarizes the estimated impact by fund type of any increases in DAS rental rates. The allocation by fund type is based on a four (4) year [2015-2018] average of operating expenses.

Fund Type	Percentage
General Fund	26%
Cash Fund	38%
Federal Fund	20%
Revolving Fund	16%
Total	100%

Finally, LB 704 requires the Transportation Services Bureau (TSB) of DAS to conduct a study to determine cost-effective methods of investing in electronic vehicles for use by the State to be funded by the Volkswagen Settlement Cash Fund, if created. TSB would need to work with a consultant to conduct this study; the cost of which is unknown at this time. Cash fund appropriation and access to funds from the Volkswagen Settlement Cash Fund for the study would be needed. No time frame for such study is included in the bill, as written.

Explanation of Costs:

The Nebraska Benchmarking and Beyond Initiative Study required by Subsection 2(b): \$50,000 revolving fund appropriation for Fiscal Year 2021-2022 which is in the next biennium.

There is a fiscal impact to obtain consulting services pertaining to the development of requests for proposal, negotiations with renewable energy providers to lock in energy prices and finalize contracts, determine renewable energy generation opportunities, conservation building maintenance, co-location of renewable energy generation w/State buildings, barriers to increasing renewable energy usage while reducing energy consumption as well as assistance required of the work group to develop a plan that is to be submitted on or before December 15, 2019. Total costs are unknown at this time, but an estimate of \$100,000 in revolving fund appropriation is proposed - \$50,000 for Fiscal Year 2019-2020 and \$50,000 in FY20-21.

No funds are provided along with the revolving fund appropriation.

There are also many issues that are indeterminable within the time frame of creating this fiscal note. Those include the existing of current purchase agreements, the ability for numerous local providers across the State to meet the state's requirements, and the unpredictability of future energy prices.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u> <u>EXPENDITURES</u>	<u>2020-21</u> <u>EXPENDITURES</u>
	<u>19-20</u>	<u>20-21</u>		
Benefits.....				
Operating.....			50,000	50,000
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			50,000	50,000

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2019

LB⁽¹⁾ 704

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Energy Office

Prepared by: ⁽³⁾ Dennis Burling Date Prepared: ⁽⁴⁾ 1/29/2019 Phone: ⁽⁵⁾ 402-471-4214

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No Fiscal Impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20 EXPENDITURES</u>	<u>2020-21 EXPENDITURES</u>
	<u>19-20</u>	<u>20-21</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____