

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	See below		See below	
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.

LB 729 would establish the Soil Health and Productivity Incentive Act. The Department of Agriculture would be directed to award incentives to encourage farmers to plant cover crops. LB 729 divides the state into four zones and establishes a schedule for incentives to be awarded by zone. Incentive awards would be calculated based upon whether there is a single-species or multi-species cover crop planting, and individual claimants would have an annual \$45,000 cap on the amount of approved incentives. The program would begin in calendar year 2020 and continue through calendar year 2025.

LB 729 states that funding for the program shall come from federal, state and local grants and other funds designated for the purposes of the act. Because LB 729 does not include a defined funding source, it is estimated that costs would come from the General Fund.

The amount of annual funding requirements would depend upon the number of acres planted in cover crops within the zones that are eligible for reimbursements, whether the cover crops are single or multiple species, and participation levels in the program. Based upon data from Iowa, approximately 780,000 acres were planted in cover crops in 2018, approximately 3.5% of the total cropland acres in Iowa (FSA estimated at 22.9 million acres). The FSA estimate for total crop acres planted in Nebraska for 2018 was 16.5 million acres. If a 3.5% cover crop planting rate is assumed, and is applied to 2018 Nebraska acreage, a total of 577,500 acres could be eligible for reimbursement, although annual costs would be divided over the years of the program, based upon eligible zones. It appears that claims could be filed in more than one year for the same property if it was in an eligible zone.

The Department of Agriculture would also incur expenses to develop program guidelines and application documents, accept applications, verify eligibility and issue incentive payments. Program workload will depend upon the amount of funding available for incentive payments. It is estimated that administrative costs of \$30,000 to \$80,000 may be necessary.

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2019

LB⁽¹⁾ 729

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Agriculture

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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	\$27,300		\$30,100	
CASH FUNDS	\$50,000	\$50,000	\$50,000	\$50,000
FEDERAL FUNDS	\$50,000	\$50,000	\$50,000	\$50,000
OTHER FUNDS				
TOTAL FUNDS	\$127,300	\$100,000	\$130,100	\$100,000

Explanation of Estimate:

The Department cannot anticipate the amount of awards or the source of the funding for this bill. Due to when cover crops are traditionally planted and the effective date of January 1st, 2020 there will be minimal payments the first year. The administrative costs are reflected as a general fund expenditure.

The Department estimates the need for a .25 FTE Attorney, a .2 FTE Ag Program Manager and a .1 FTE Staff Assistant for the first year but due to the January 1, 2020 start date, the numbers listed below reflect half of these amounts. The Department estimates for the second year, a .125 FTE Attorney, a .1 FTE Ag Program Manager and a .1 FTE Staff Assistant. The Attorney will review contracts and procedures, the Ag Program Manager will review applications and monitor the program and the Staff Assistant will field phone calls, send letters and other office clerical duties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Attorney	.125	.125	\$10,600	\$10,600
Ag Program Manager	.1	.1	\$6,200	\$6,200
Staff Assistant	.05	.1	\$1,600	\$3,100
Benefits.....			\$8,900	\$10,200
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....			\$100,000	\$100,000
Capital improvements.....				
TOTAL.....			\$127,300	\$130,100