

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$5,000,000	See below	\$5,000,000	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$5,000,000	See below	\$5,000,000	See below

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

LB638 would require the Department of Natural Resources to apply for a grant of \$25M from the Nebraska Environmental trust, instructs that grant to be paid out in five annual payments of \$5,000,000, and provides instructions to the Department of Natural Resources on management and use of the grant if received.

If the grant is to be awarded to the Department of Natural Resources there will need to be a commensurate appropriation of Nitrogen Reduction Incentive Cash Fund. No basis to disagree with the need for three total FTEs to administer this program, however as the Department of Natural Resources already has an FTE for this program our office estimates the administrative impact as such:

	FY25-26	FY26-27
Environmental Specialist II x2	\$ 103,455.00	\$ 107,076.42
Benefits	\$ 65,835.00	\$ 68,139.72
Operating	\$ 6,930.00	\$ 7,137.90
Travel	\$ 2,970.00	\$ 3,102.00

No basis to disagree with the Game and Parks Commission’s analysis that this legislation may affect lapsing of encumbrances. Disagree with their analysis that this would use 97% of their appropriations as LB 638 would set the amount paid out to be \$5,000,000 each year, not \$25,000,000 in one year.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 638	AM:	AGENCY/POLT. SUB: : Nebraska Game & Park Commission	
REVIEWED BY: Joe Massey	DATE: 1/30/2025	PHONE: (402) 471-4181	
COMMENTS: Nebraska Game & Park Commission’s assessment of no net fiscal impact from LB 638 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 638	AM:	AGENCY/POLT. SUB: Department of Natural Resources	
REVIEWED BY: Joe Massey	DATE: 1/30/2025	PHONE: (402) 471-4181	
COMMENTS: Department of Natural Resources assessment of fiscal impact from LB 638 appears reasonable using the assumptions provided.			

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

2025

LB⁽¹⁾ 638 – Nitrogen Reduction Incentive Act

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Game & Park Commission

Prepared by: ⁽³⁾ Christina Peters Date Prepared: ⁽⁴⁾ January 23, 2025 Phone: ⁽⁵⁾ (402) 471-5403

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</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:

The proposed legislation eliminates the limitation of incentive payments, currently the lesser of \$5 Million or the amount appropriated by the Legislature. It also removes the intent that all appropriations from the General Fund to carry out the Act are used only for operating expenses. The Nitrogen Reduction Incentive Act will terminate on December 31, 2030. Current law has the Act terminating in 2029.

The Department of Natural Resources is directed to apply for a grant of \$25 Million from the Nebraska Environmental Trust Fund for FY2025-26 for the purpose of the Nitrogen Reduction Incentive Cash Fund. If awarded, the funds from the grant will be paid in five annual installments and remitted to the State Treasurer for credit to that Cash Fund. A subaccount within the Cash Fund is to be created to account for all money received from the NET grant. The DNR is to calculate the monthly interest accruing to the subaccount and request the State Treasurer transfer that same amount from the Cash Fund to the Nebraska Environmental Trust Fund.

Awarding a single grant in this amount would use 97% of the appropriated amount for NET grant payments in the year of the award. NET grants are paid out as reimbursement only. The proposed legislation would front load payments to DNR for unspecified projects. A NET awarded grant is paid in no more than 4 annual installments. This is required to avoid the lapsing of state encumbrances, per Neb. Rev. Stat. 81-138.03.

As it is expected that any grant awarded from NET to the DNR will come from the current level of appropriations, there is no increased expenditure for the Environmental Trust. No fiscal impact is expected.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26 EXPENDITURES</u>	<u>2026-27 EXPENDITURES</u>
	<u>25-26</u>	<u>26-27</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2025

LB⁽¹⁾ 638

FISCAL NOTE

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

Prepared by: ⁽³⁾ Isabella Peterson Date Prepared: ⁽⁴⁾ 1/29/25 Phone: ⁽⁵⁾ 402-560-2017

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
CASH FUNDS	<u>\$5,000,000</u>	<u>0</u>	<u>\$5,000,000</u>	<u>0</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS	<u><u>\$5,000,000</u></u>	<u><u>0</u></u>	<u><u>\$5,000,000</u></u>	<u><u>0</u></u>

Explanation of Estimate:

This bill amends the Nitrogen Reduction Incentive Act and expresses intent requiring the Department to apply for a grant of twenty-five million dollars from the Nebraska Environmental Trust Fund prior to the application deadline for FY2025-26. Such funds are to be paid out in five annual installments of five million dollars. The bill requires the Department to establish a subaccount within the Nitrogen Reduction Incentive Cash Fund for such funds received from the Nebraska Environmental Trust Fund. The Department shall calculate the amount of interest earnings accruing to the subaccount monthly and shall notify the State Treasurer of such amounts who shall then transfer a like amount from the Nitrogen Reduction Incentive Cash Fund to the Nebraska Environmental Trust Fund.

This bill changes funding for the Nitrogen Reduction Incentive Act that was passed last Session. To date, the participating natural resources districts are primarily responsible for administering the Program. This estimate relies on support for producer data collection activities from the natural resources districts.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
<u>Environmental Specialist II</u>	<u>3</u>	<u>3</u>	<u>\$156,750</u>	<u>\$162,237</u>
<u>Benefits.....</u>			<u>\$99,750</u>	<u>\$103,242</u>
<u>Operating.....</u>			<u>\$10,500</u>	<u>\$10,815</u>
<u>Travel.....</u>			<u>\$4,500</u>	<u>\$4,700</u>
<u>Capital outlay.....</u>			<u>0</u>	<u>0</u>
<u>Aid.....</u>			<u>\$4,728,500</u>	<u>\$4,719,006</u>
<u>Capital improvements.....</u>			<u>0</u>	<u>0</u>
TOTAL.....			<u><u>\$5,000,000</u></u>	<u><u>\$5,000,000</u></u>