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PREPARED BY: Jeanne Glenn  
DATE PREPARED: March 03, 2011  
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**LB 587**

Revision: 00

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	See below	See below	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 587 would authorize the Department of Environmental Quality (DEQ) to establish and administer a grant program for compressed natural gas innovation projects. Eligible entities could receive grants of up to \$200,000. Grants and associated administrative costs would be made from the Compressed Natural Gas Innovation Fund, which would be funded by a \$500,000 transfer from the Petroleum Release Remedial Action Cash Fund on July 1 of each year.

DEQ estimates that approximately \$102,793 would be expended in FY 11-12 for administrative and contractual services. In subsequent years, \$50,000 would be expended annually for staffing and administrative costs and the remaining funds would be expended as grants. There would be no net impact to the agency, as funds would be transferred out of one DEQ fund and into another. The increased grants from the Compressed Natural Gas Innovation Fund would be offset by decreased grants from the Petroleum Release Remedial Action Cash Fund. Because LB 587 carries the emergency clause, it is estimated that the transfers would begin on July 1, 2011.

LB 587 would also amend provisions of the State Natural Gas Regulation Act to provide that jurisdictional utilities may change any rate or charge relating to its motor vehicle rates, upon notice to the commission. The commission would not be allow to suspend such rate or charge. It is estimated that any fiscal impact to jurisdictional utilities would be based upon governing entity decisions and can not be estimated at this time.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Cindy Miserez	DATE	1/28/11	PHONE	471-2526
COMMENTS					
ENVIRONMENTAL QUALITY: I have no basis to disagree with DEQ's statement.					

*Revised*

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**FISCAL NOTE LB587**  
**Environmental Quality**

MAR 17 2011

LEGISLATIVE FISCAL

Prepared By	Lamberson, Thomas
Date Prepared	1/24/2011
Prepared Phone	402-471-4235

Estimate Provided By State Agency or Political Subdivision

	FY 2011-2012		FY 2012-2013	
	Expenditures	Revenue	Expenditures	Revenue
General Funds				
Cash Funds	\$500,000		\$500,000	
Federal Funds				
Other Funds				
Total Funds	\$500,000		\$500,000	

**Explanation of Estimate:**

LB587 provides for a grant program for compressed natural gas innovation projects. Five hundred thousand dollars is made available for grants and program administration annually. The grant program is funded by a \$500,000 transfer from the Petroleum Release Remedial Action Cash Fund. Grants are available to Nebraska residents, businesses, or public utilities, and projects must be located within one mile of a portion of the National System of Interstate and Defense Highways and initially cannot be in the same county.

In FY2012, the department would be required to develop rules and regulations to administer the program. LB587 creates a new program and the department has no expertise in compressed natural gas storage, distribution or dispensing systems. For that reason the department anticipates contracting for professional services to assist in program development. We estimate \$50,000 contractual services will be required. We have also estimated that LB 587 will require 0.5 FTE to administer, at least initially.

LB587 has the emergency clause attached so it would become effective upon signature of the Governor. While technically not a revenue reduction, LB587 transfers have the same impact as a \$500,000 reduction in revenue to the Petroleum Release Remedial Action Cash Fund. In FY2012 the \$500,000 transfer from the Petroleum Release Remedial Action Cash Fund would be in addition to the \$1,500,000 transfer to the Ethanol Production Incentive Cash Fund.

The annual reduction of the Petroleum Release Remedial Action Fund will reduce the available funds for remediation of leaking underground storage tanks, by about 5%. Potentially not immediately, but at some point the department would have to reduce the number of sites being investigated and slow the number of site remediations.

**Major Objects of Expenditure**

Position Title	Number of Positions		FY 2011-2012	FY 2012-2013
	FY 2011-2012	FY 2012-2013	Expenditures	Expenditures
Environmental Quality Programs Specialist	0.5	0.5	18,397	18,397
			Benefits	13,437
			Operating	63,958 ( <del>43,958</del> )
			Travel	2,000
			Capital outlay	5,000
			Aid	397,208 ( <del>242,208</del> )
			Capital improvements	
			Total	\$500,000
				\$500,000