

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2014-15</b>		<b>FY 2015-16</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	400,000 to 700,000		400,000 to 700,000	
CASH FUNDS	See below	50,000,000	See below	
FEDERAL FUNDS				
CASH RESERVE FUND		(50,000,000)		
TOTAL FUNDS	See below	0	See below	

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

LB 940 would establish the Water Sustainability Fund and would authorize a transfer of \$50,000,000 dollars from the Cash Reserve Fund into the Water Sustainability Fund. The transfer would occur on or before July 31, 2014. As a result, there would be a \$50,000,000 increase in cash fund revenue and a corresponding \$50,000,000 decrease in the balance of the Cash Reserve Fund.

It is estimated that the fund would be administratively located in the Department of Natural Resources. Annual state aid expenditures from this fund would depend upon the size and cash flow of projects, and cannot be estimated at this time.

There would be administrative expenses incurred by the Department of Natural Resources to implement the grant program. Because administrative costs are not permitted under the language governing the Water Sustainability Fund, it is estimated that costs would come from the General Fund. As currently drafted, LB 940 does not authorize the agency to develop rules and regulations to operate the program. However, because water sustainability projects are often highly complex in nature, technical staff and administrative support would be required to process and review applications, provide funding recommendations and to monitor project implementation.

It is estimated that 5 to 7 FTE may be required to implement a program with a one-time \$50,000,000 funding source, at a cost of \$400,000 to \$700,000 annually. This is based upon the assumption that \$10,000,000 in state aid payments would be allocated from the fund annually, with administrative expenses totaling 4% to 7% of the total state aid allocations.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 940	AM:	AGENCY/POLT. SUB: Nebraska Department of Natural Resources	
REVIEWED BY: Cindy Miserez		DATE: 01/21/2014	PHONE: <a href="tel:402-471-4174">402-471-4174</a>
COMMENTS: The Nebraska Department of Natural Resources' analysis of LB940 fiscal impacts appears reasonable..			

LB<sup>(1)</sup> 940

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Natural Resources

Prepared by: <sup>(3)</sup> Ron Theis Date Prepared: <sup>(4)</sup> 1/17/2014 Phone: <sup>(5)</sup> 402 471 0577

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	0	0	0	0
CASH FUNDS	0	0	0	0
FEDERAL FUNDS	0	0	0	0
OTHER FUNDS	0	0	0	0
TOTAL FUNDS	0	0	0	0

Explanation of Estimate:

The bill creates the Water Sustainability Fund and transfers \$50M to it from the Cash Reserve Fund by July 31, 2014 to be used to fund programs, projects, and activities identified by the Water Funding Task Force in its report under section 50-507. The Fund has no statutory relationship to the Department and therefore creates no fiscal impact on the agency budget.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2014-15	2015-16
	14-15	15-16	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			0	0