

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	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 583 requires the State Energy Office to develop and disseminate impartial, transparent, and objective energy information and analysis, actively seek to maximize federal and other non-state funding, work with transmission and distribution entities, and monitor energy transmission capacity planning and policy affecting the state.

Section 1(2) requires the State Energy Office to develop and adopt an integrated state energy plan on or before December 21, 2015. The plan shall be reviewed periodically, as the office deems necessary. Section 1 goes on to specify plan components.

The State Energy Office estimates the need for 1.0 FTE to manage this new activity. The cost associated with this position is estimated to be \$71,750 in FY2015-16 and \$73,472 in FY2016-17. This estimate appears to be reasonable.

For preparation of the initial plan, the Energy Office estimates the cost of engaging contractors to prepare the plan to be between \$285,000 and \$1.2 million. This estimate is based on the State of Missouri's experience of developing a similar plan. There is no basis to disagree with this estimate.

Due to the nature of the Energy Office's current funding, these costs would need to be paid for out of General Funds.

The estimated range of cost to address the bill's provisions is between \$356,750 - \$1,274,750 in FY2015-16, and \$73,472 in FY2016-17.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 583	AM:	AGENCY/POLT. SUB: Nebraska Energy Office
REVIEWED BY: Cindy Miserez	DATE: 02/06/2015	PHONE: 402-471-4174
COMMENTS: The Nebraska Energy Office's estimate of fiscal impact for LB583 appears to be reasonable.		

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2015

LB⁽¹⁾ 583

FISCAL NOTE

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

Prepared by: ⁽³⁾ Danielle Jensen

Date Prepared: ⁽⁴⁾ 2/2/2015

Phone: ⁽⁵⁾ 471-3360

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>See below</u>	<u>See below</u>	<u>See below</u>	<u>See below</u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>See below</u>	<u>See below</u>	<u>See below</u>	<u>See below</u>

Explanation of Estimate:

LB 583 directs the Nebraska Energy Office to develop a state energy plan that would cover and consider a wide variety of issues. LB 583 also directs the Energy Office to review the plan periodically and continuously develop and disseminate objective energy information and analysis, actively seek to maximize federal and other nonstate funding, work with transmission and distribution entities, and other state agencies regarding the state energy plan, and monitor energy transmission capacity planning and policy.

Due to the ongoing work required under LB 583 and the fact that the agency does not have an available staff member who can complete these tasks, the Nebraska Energy Office would need to add a FTE. State personnel classifications include an "Energy Policy Advisor" position, which was filled in the Energy Office under the *American Recovery and Reinvestment Act*. The position description would be modified to reflect the duties described in LB 583. The minimum permanent hourly rate listed for this position is \$25.745 for FY 2014/15, with an increase of 2.5% for FY 2015/16 for the first year resulting in an hourly wage of \$26.385 and an increase of 2.4% for FY 2016/17 resulting in an hourly wage of \$27.015. This results in a total cost (including benefits) of \$71,750 for FY 2015/16 and \$73,472 for FY 2016/17. The Energy Office does not have any funding available now, or in the future, for this position.

For preparation of the initial plan, it would be necessary for the Energy Office to hire contractors with the necessary expertise and to complete all of the activities required for the development of the plan by the due date, which is December 31, 2015. Currently, the Missouri Energy Office is in the process of developing a state energy plan. In response to the Request for Proposal issued in Missouri, bids were received ranging between \$285,000 and \$1.2 million. Based on that information, the Energy Office estimates the cost of engaging contractors to prepare the initial plan would be at least \$285,000 and up to \$1.2 million for the retention of contractors to work on the plan. Obviously, the amount of funding available will affect the depth, thoroughness and reliability of the resulting plan.

The Energy Office receives state budget funding of up to \$300,000 from oil and gas severance tax fees, which is used for administrative costs of carrying out the statutory duties of the agency and for the required matches of the federal grants the agency receives. All of the funds are committed every year. The Agency also receives formula grant money for US Department of Energy programs, as well as competitive grant funds. These funds are committed to carrying out the specific activities of those grants.

Therefore, the Energy Office asks for \$356,750 - \$1,274,750 for FY 2015/16, and asks for \$73,472 for FY 2016/17. Funding for the addition of the FTE would be required beyond FY 2015/16 and would need to reflect any anticipated increases in hourly wages. If LB 583 is passed, the Energy Office will retain contractors to work on the plan based on the amount of funds appropriated.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Energy Policy Advisor	1	1	54,754	56,068
Benefits.....			16,996	17,404
Operating.....			285,000-	
Travel.....			1,200,000	
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$356,750-	
			\$1,274,750	\$73,472