

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2016-17</b>		<b>FY 2017-18</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(4,000,000)		
CASH FUNDS	4,000,000	4,000,000		
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	4,000,000	0		

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

LB 1071 is the Solar Energy Economic Development Act.

Section 3 states Legislative intent to appropriate \$4,000,000 in fiscal year 2016-2017 to the State Energy Office Cash Fund to provide grants to support solar energy development in Nebraska.

Section 4 provides for an allocation of such grants.

It is assumed that the mechanism by which the \$4,000,000 will get into the State Energy Office Cash Fund is a transfer from the General Fund. The bill is silent on this matter but, for purposes of this fiscal note, a transfer from the General Fund to the State Energy Office Cash fund is shown.

The State Energy Office estimates that, of the \$4,000,000 appropriation, ten percent (\$400,000) will be utilized for administrative costs. This estimate appears to be reasonable.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>		
LB: 1071	AM:	AGENCY/POLT. SUB: Nebraska Energy Office
REVIEWED BY: Lee Will	DATE: 2/10/2016	PHONE: 471-4175
<p>COMMENTS: LB 1071 allocates \$4,000,000 to the Nebraska Energy Office to provide grants for the purpose of supporting solar energy development in Nebraska under the Solar Energy Economic Development Act.</p> <p>The bill does not contain specific language allowing for administrative costs from these funds to be allocated to the Energy Office Cash Fund.</p> <p>No basis to disagree with the Nebraska Energy Office's estimate that 10% or \$400,000 of the allocated funds will be needed to administer the grant program.</p>		

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2016

LB<sup>(1)</sup> 1071

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska Energy Office

Prepared by: <sup>(3)</sup> Danielle Jensen

Date Prepared: <sup>(4)</sup> 2/10/2016

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**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	FY 2015-16		FY 2016-17	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS		0		
CASH FUNDS	4,000,000			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>4,000,000</u>	<u>0</u>	<u>0</u>	<u>0</u>

**Explanation of Estimate:**

LB 1071 allocates \$4,000,000 to the Energy Office to provide grants under the Solar Energy Economic Development Act.

Since this is the first grant program solely for solar development, the number of grants per year is undeterminable. Depending on the number of grants, the Energy Office will determine whether current or temporary staff can be utilized, or if additional staff will be needed. Operating costs include development of guidelines for the program, development and printing of application forms and procedures, a database to maintain the grant applicant's information, and staff to conduct periodic checks on work completed to ensure compliance with the specifications of the grant program.

In addition, the introduced bill doesn't include detailed guidance as to form and standards for evaluating grant proposals so additional time to gather information and develop such standards and procedures will be necessary. The Energy Office anticipates meetings and inquiries with utilities, solar project developers and other states to determine needed information and programs that have been used elsewhere. There is direction in the introduced bill to allocate grants geographically across the state, but no standards are listed therefore additional research and meetings will be needed to develop those criteria. Also, the introduced bill is not clear on the time period for offering the grants, so if grants are to be provided over the longer term, the program will require continued funding in future budgets.

It is difficult to estimate the cost of operating the program and the staff resources needed. Because NEO staffing is limited, the agency would likely need to engage university or private consultants to complete the work.

The Energy Office estimates that up to \$400,000, or up to 10% of the amount allocated, will be needed to administer the grant program, which would be appropriated from the \$4,000,000 allocation to Cash Funds. The Energy Office does not have any unallocated funding to cover the operating costs of this program. All staff time is allocated to existing programs, almost all of which are federal programs. To redirect the time of any existing Energy Office staff to the grant program, the Energy office will require the flexibility to use the program's operational funds for the payment of salaries (because the existing federal allocation to salaries will decline).

Also, this bill does not contain language allowing for administrative costs from the funds to be allocated to the Energy Office Cash Fund.

This estimate is based on prior and current programs administered by the Energy Office including the following:

In 2010, the Energy Office ran the *Energy Efficiency and Conservation Block Grant (EECBG) Program* under the *American Recovery and Reinvestment Act (ARRA)*. Under this grant program, the Nebraska Energy Office was awarded \$9,593,500 to provide funding to eligible entities that implement strategies to reduce fossil fuel

emissions, reduce total energy use and improve energy efficiency in the building sector. Of the program dollars, \$794,448, or slightly over 8%, was used for operating costs including Energy Office personnel and the addition of four full-time staff for the duration of the program.

Also under ARRA, the Energy Office operated an appliance rebate program. Under this rebate program, over \$1.6 million in rebates were issued, and more than \$150,000, or close to 10% of the program funds, was spent on operating costs. Operating costs included Energy Office personnel, one full time staff and the use of a rebate-processing firm for the duration of the program.

Since 1979, the Energy Office has managed the USDOE's Low Income Weatherization Assistance Program which provides weatherization services to qualified individuals and families. For the current fiscal year, the Energy Office was awarded \$2,098,732 and of that \$209,873, or 10%, is used for administrative purposes including salaries for Energy Office personnel and sub-grantees. The salaries for four Energy Office personnel are paid exclusively with this fund, and 75% of the salary for a fifth personnel is paid with this fund.

**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>
<b>Benefits</b> .....				
<b>Operating</b> .....			400,000	
<b>Travel</b> .....				
<b>Capital outlay</b> .....				
<b>Aid</b> .....			3,600,000	
<b>Capital improvements</b> .....				
<b>TOTAL</b> .....			\$4,000,000	