PREPARED BY: DATE PREPARED: PHONE: Scott Danigole February 16, 2016 471-0055

LB 1100

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)							
	FY 201	16-17	FY 2017-18				
_	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE			
GENERAL FUNDS							
CASH FUNDS							
FEDERAL FUNDS							
OTHER FUNDS							
TOTAL FUNDS							

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

LB 1100 is the Petroleum Education and Marketing Act.

Section 2 provides definitions for the Act.

Section 3 allows any group of qualified producer associations to create, fund, administer, operate, manage and select representatives to serve on a board to administer a petroleum education and marketing program pursuant to the Act.

Section 4 defines the board's powers and duties.

Section 6 allows the board to levy assessments on the production of oil and natural gas in Nebraska for the purposes of a petroleum education and marketing program.

Section 7 allows the board to have a voluntary assessment not to exceed five-hundredths percent of the gross revenue from oil or natural gas produced from each well in the State of Nebraska which shall be deducted from proceeds paid by the first purchaser to each interest owner.

No fiscal impact.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 1100 AM: AGENCY/POLT. SUB: Nebraska Department of Revenue					
REVIEWED BY: Lee Will DATE: 2/16/2016 PHONE: 471-4175					
COMMENTS: I concur with the Nebraska Department of Revenue's statement of no fiscal impact.					

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES					
LB: 1100 AM: AGENCY/POLT. SUB: Nebraska Secretary of State's Office					
REVIEWED BY: Lee Will			DATE: 1/29/2016	PHONE: 471-4175	
COMMENTS: Concur with the agency's statement of no fiscal impact.					

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: 1100	AM:	AGENCY/POLT. SUB: Nebraska Oil and Gas Conservation Commission				
REVIEWED BY: Lee Will			DATE: 1/26/2016	PHONE: 471-4175		
COMMENTS: I concur with the agency's statement of no fiscal impact.						

LB 1100 Fiscal Note 2016

State Agency Estimate							
State Agency Name: Department of			Date Due LFA:	2/12/2016			
Approved by: Tony Fulton		Date Prepared:	2/9/2016		Phone: 471-5896		
FY 2016-2017			FY 2017-2018		FY 2018-2019		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	1						
Cash Funds							
Federal Funds							
Other Funds							
Total Funds							

LB 1100 would adopt the Petroleum Education and Marketing Act (Act) and allow creation of qualified producer associations. These are IRC § 501(c)(6) organizations that have independent oil producers as a majority of their membership. Independent oil producers are defined as persons who produce oil or natural gas, derive a majority of the producer's income from ownership of oil and gas properties, and are not engaged in refining. A group of producer associations can then create, fund, administer, operate, and select representatives to a board to administer the Act.

The purpose of the board is to promote the oil and gas industry, encourage wise and efficient use of energy, promote environmentally sound production practices, support research and educational activities, promote oil and gas exploration and production safety, and support job training in the industry. The board consists of three members appointed by the association and two members appointed by the Nebraska petroleum council to staggered, three-year terms. The board may elect officers, employ personnel, adopt rules, enter into contracts for studies supplies or other services, and manage and budget funds.

The board may also levy assessments on the production of oil and natural gas not to exceed 0.05% of the gross revenues from producing oil or natural gas. The assessment is to be collected by the first purchaser of the oil or natural gas although the board may allow another entity to collect the assessments. The assessments are to be deducted from the proceeds of the sale. There is to be a line-item designation of the tax on invoices. The board is to enforce collection of the assessments. However, any person who paid the assessment may get it refunded by filing a claim by March 31st of the succeeding year.

The board cannot use assessments for influencing state or local governments except for recommending changes to the Act. If there is a similar national group, up to 35% of the money collected may be distributed to the national group. The bill contains a severability clause.

It is estimated that this bill will have no impact on General Fund revenues.

It is estimated that there will be no cost to the Department to implement this bill.

	Major	Objects of I	Expendit	ure			
Class Code	Classification Title	16-17 <u>FTE</u>	17-18 <u>FTE</u>	18-19 <u>FTE</u>	16-17 Expenditures	17-18 Expenditures	18-19 Expenditures
Ranafits							
Travel							
Capital Outlay							
Capital Improvements							

LB ⁽¹⁾ 1100			FISCAL NOTE				
State Agency OR Political Subdivision Name: (2)	Nebraska Secretary of State's Office						
Prepared by: (3) Joyce Woofter	Date Prepared: (4)	1/28/2016 Phone:	(5) 402-471-2384				
ESTIMATE PROVID	ED BY STATE AGENO	CY OR POLITICAL SUBDIVE	SION				
EXPENDITURES	2016-17 <u>REVENUE</u>	EXPENDITURES	017-18 <u>REVENUE</u>				
GENERAL FUNDS							
CASH FUNDS							
FEDERAL FUNDS		<u> </u>					
OTHER FUNDS							
TOTAL FUNDS		<u> </u>					
							
Explanation of Estimate:							
BREAKDOW Personal Services:	N BY MAJOR OBJECT	S OF EXPENDITURE					
NU	MBER OF POSITIONS 16-17 17-18	S 2016-17 EXPENDITURES	2017-18 EXPENDITURES				
Benefits							
Operating							
Travel							
Capital outlay							
Aid							
Capital improvements							
TOTAL							

Capital improvements......

TOTAL.....

LB ⁽¹⁾ 1100)					FISCAL NOTE			
State Agency OR Political Subdivision Name: (2)			Nebraska Oil and Gas Conservation Commission						
Prepared by: (3) William H. Sydow			Date Prepared: (Date Prepared: (4) 25 January 2016 Phone:					
	ESTIN	IATE PROVIDE	ED BY STATE AGE	NCY OR POLITICAL	SUBDIVISIO	ON			
		FV 90	016-1 <u>7</u>						
	EXI	PENDITURES	REVENUE						
GENERAL FUN	DS	0	0	0		0			
CASH FUNDS		0	0	0		0			
FEDERAL FUNI	os	0	0	0		0			
OTHER FUNDS		0	0	0		0			
TOTAL FUNDS		0	0	0		0			
		BREAKDOWN	N BY MAJOR OBJE	CTS OF EXPENDITU	<u>RE</u>				
Personal Services	S:	NIII	MBER OF POSITIO	ONS 2016-17		2017-18			
POSIT	TION TITLE		6-17 17-18			EXPENDITURES			
Benefits									
Operating									
Travel									
Capital outlay									
Aid									