

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$3,670,000)		(\$4,160,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	(\$3,670,000)	See Below	(\$4,160,000)

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

LB 1184 would establish the Reverse Osmosis System Tax Credit Act.

Under the Act, a taxpayer would be eligible to receive a one-time refundable income tax credit for the cost of installation of a reverse osmosis system at the primary residence of the taxpayer if test results for the following in the drinking water for such residence are above:

- 10 parts per million for nitrate nitrogen
- Four parts per trillion for perfluorooctanoic acid or perfluorooctanesulfonic acid; or
- One on the Hazard Index for perfluorononanoic acid, perfluorohexanesulfonic acid, hexafluoropropylene oxide dimer acid and its ammonium salt, or perfluorobutanesulfonic acid.

Only one taxpayer per residence could be a recipient of the credit. The credit would be equal to 50% of the cost incurred by the taxpayer during the taxable year for installation of the reverse osmosis system, up to a maximum of \$1,000.

A taxpayer would apply for the credit by submitting an application to the Department of Revenue (DOR). If the DOR determines that the taxpayer qualifies for the credit, the DOR would approve the application and certify the amount of the approved credit to the taxpayer.

The DOR could adopt and promulgate rules and regulations to carry out the Act.

For the establishment of this Act, the DOR estimates the following decrease to General Fund revenues would be:

- FY 24-25: (\$3,670,000)
- FY 25-26: (\$4,160,000)
- FY 26-27: (\$4,410,000)

Additionally, the DOR estimates a need for a one-time programming charge in FY25 of \$110,087 to be paid to the Office of the Chief Information Officer (OCIO) as a result of responsibilities for the agency under the bill.

There is no basis to disagree with these estimates.

LB 1184 would also add duties for the Department of Natural Resources and the Department of Environment and Energy to have a real-time nitrate management plan in place by August 31, 2024. Full implementation of such would need to be complete by January 1, 2025. The plan would consider how state agencies, natural resources districts, farmers, and irrigators can obtain the necessary data to reduce fertilizer use and reuse nitrates contained in groundwater through the irrigation systems that will thereby lower input costs and reduce nitrate levels statewide.

The bill would add that it would be the intent of the Legislature to appropriate \$10,000,000 for FY 24-25 from the General Fund to the Department of Environment and Energy to fund the installation of real-time nitrate sensors in monitoring wells statewide to prioritize nitrate management and reduction.

The operative date for this bill would be three months after adjournment.

The Department of Environment and Energy estimates expenditures of \$9,457,649 in FY25 and \$542,351 in FY26. This would total the \$10,000,000 mentioned above over a period of two fiscal years. Additionally, the department estimates a need for ongoing maintenance and monitoring beyond the initial two years of approximately \$540,000 each year in General Funds. Expenditures could be made by the department if they could utilize technology they are aware of that has weekly monitoring as the department is unaware of real-time technology that is mentioned in the bill. With the inclusion of any real-time technology that is available, this could change the expenditures of the department compared to their current estimates.

The Department of Natural Resources also estimates costs that would include 1.0 FTE Environmental Specialist III for its responsibilities of working with the Department of Environment and Energy to create and implement the real-time nitrate management plan. The costs are estimated to be \$107,005 in FY25 and \$114,495 in FY26. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1184	AM:	AGENCY/POLT. SUB: Department of Revenue
REVIEWED BY: Neil Sullivan	DATE: 2/13/2024	PHONE: (402) 471-4179
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 1184 appears reasonable.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1184	AM:	AGENCY/POLT. SUB: Department of Natural Resources
REVIEWED BY: Neil Sullivan	DATE: 2/13/2024	PHONE: (402) 471-4179
COMMENTS: The Department of Natural Resources assessment of fiscal impact from LB 1184 appears reasonable except that any salary increases for FY 2025-26 would be addressed in the 2025 legislative session.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 1184	AM:	AGENCY/POLT. SUB: Department of Environment & Energy
REVIEWED BY: Neil Sullivan	DATE: 2/13/2024	PHONE: (402) 471-4179
COMMENTS: The Department of Environment & Energy assessment of fiscal impact from LB 1184 appears reasonable.		
<u>Technical Note:</u> The current appropriation language is expressed as intent. The fiscal impact assessment assumes an accompanying A-bill articulating appropriation in accordance with §49-804.		

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2024

LB⁽¹⁾ 1184

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Environment and Energy

Prepared by: ⁽³⁾ Kevin Stoner Date Prepared: ⁽⁴⁾ January 22, 2024 Phone: ⁽⁵⁾ 402 471-2186

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>9,457,649</u>	<u>10,000,000</u>	<u>542,351</u>	<u> </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><u>9,457,649</u></u>	<u><u>10,000,000</u></u>	<u><u>542,351</u></u>	<u><u> </u></u>

Explanation of Estimate:

LB 1184 appropriates \$10,000,000 General Funds (which is shown in the revenue column) to the Nebraska Department of Environment and Energy to fund the installation of real-time nitrate sensors in monitoring wells statewide to prioritize nitrate management and reduction. NDEE is not aware of current technology to obtain real-time quality data. However, we believe there is current technology that we could utilize for weekly monitoring and sent to a website for public viewing. Based on our estimations it will take an additional 3 FTE's for the installation, maintenance, and monitoring of these sensors and associated equipment. With the funding available, we believe we could install, maintain, and monitor around 160 sensors across the state. There would be ongoing maintenance and monitoring beyond these 2 years and would require additional general funds of approximately \$540,000 for as long as these sensors were operational.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Environmental Specialist II	<u>3</u>	<u>2.5</u>	<u>155,214</u>	<u>135,812</u>
Benefits.....			<u>50,833</u>	<u>44,478</u>
Operating.....			<u>9,246,603**</u>	<u>357,060**</u>
Travel.....			<u>5,000</u>	<u>5,000</u>
Capital outlay.....			<u> </u>	<u> </u>
Aid.....			<u> </u>	<u> </u>
Capital improvements.....			<u> </u>	<u> </u>
TOTAL.....			<u><u>9,457,649</u></u>	<u><u>542,351</u></u>

**Operating expenses include indirect, vehicle, equipment, and software/hardware expenses.

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2024

LB⁽¹⁾ 1184

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Natural Resources

Prepared by: ⁽³⁾ Isabella Peterson Date Prepared: ⁽⁴⁾ 01/16/2024 Phone: ⁽⁵⁾ 402 560 2017

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$107,005	0	\$114,495	0
CASH FUNDS	0	0	0	0
FEDERAL FUNDS	0	0	0	0
OTHER FUNDS	0	0	0	0
TOTAL FUNDS	\$107,005	0	\$114,495	0

Explanation of Estimate:

This bill expresses intent to appropriate \$10,000,000 from the General Fund to the Department of Environment and Energy (NDEE) to fund the installation of real-time nitrate sensors in monitoring wells statewide to prioritize nitrate management reduction in an effort to carry out the Reverse Osmosis System Tax Credit Act. The bill expresses intent for the Department of Natural Resources to coordinate with the NDEE to have a real-time nitrate management plan in place by August 31, 2024 and implemented by January 1, 2025. The Department of Natural Resources foresees the possibility of an increase in administrative expenditure and the possible need for additional staffing for such efforts as shown below.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Environmental Specialist III (V45013)	1	1	\$60,505	\$64,740
	0	0	0	0
Benefits.....			\$34,000	\$36,380
Operating.....			\$8,000	\$8,560
Travel.....			\$4,500	\$4,815
Capital outlay.....			\$0	0
Aid.....			0	0
Capital improvements.....			0	0
TOTAL.....			\$107,005	\$114,495

It is estimated that LB 1184 will have the following impact on the General Fund revenues:

Fiscal Year	General Fund revenues
FY2024-25	\$ (3,670,000)
FY2025-26	\$ (4,160,000)
FY2026-27	\$ (4,410,000)

LB 1183 will require a one-time programming charge of \$110,087 paid to the OCIO to add a line to 1040N, mainframe development and web development to implement the Act.

The operative date for this bill is three months after adjournment.