

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 | \$25,000 | | | |
| CASH FUNDS | | | | |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | \$25,000 | | | |

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

LB 1212 is the Railroad Safety Act.

Sections 2 and 3 provide Legislative findings and definitions for the act.

Under the act, "A railroad shall not operate a train carrying hazardous substances that has length greater than eight thousand five hundred feet on any main line in the state." Trains operating on a main line shall have an operational and properly maintained wayside detector system and submit annual reports to the Public Service Commission (PSC). Additionally, a railroad operating a train, freight car, passenger car, or railroad transportation engine on a main line shall not obstruct a public crossing for longer than ten minutes. Such cars are not subject to the ten-minute limitation if they are continuously moving or if circumstances beyond the railroad's control prevent the car from moving.

Violations are subject to fines of not less than ten thousand dollars (\$10,000) but not more than twenty-five thousand dollars (\$25,000). Each day of continuing violation constitutes a separate violation. Fines shall be remitted to the State Treasurer for distribution in accordance with Article VII, section 5, of the Constitution of Nebraska (fines go into the Permanent School Fund).

Beginning January 1, 2026, a railroad transporting hazardous substances in Nebraska shall maintain insurance coverage in an amount adequate to pay for costs, damages, and liabilities arising from accidents involving such transportation.

On or before November 1, 2025, the PSC shall adopt and promulgate rules and regulations establishing minimum insurance coverage requirements. The PSC shall also conduct periodic audits or investigations to ensure compliance and, at least once every three years, hold a public hearing at which interested stakeholders and members of the public may provide comments concerning implementation of section 7 of the act.

The PSC estimates \$25,000 to hire a consultant to address the actuarial needs and expertise required in establishing appropriate insurance coverage amounts. This estimate appears to be reasonable.

There is no estimate available in regard to potential fines collected under LB 1212's provisions. Fines collected would be remitted to the county for use by the common schools.

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | | |
|--|----------------|--|--|
| LB: 1212 | AM: | AGENCY/POLT. SUB: Nebraska Public Service Commission | |
| REVIEWED BY: Joe Massey | DATE: 2/8/2024 | PHONE: (402) 471-4181 | |
| COMMENTS: No basis to disagree with the Nebraska Public Service Commission's assessment of fiscal impact from LB 1212. | | | |

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2024

LB⁽¹⁾ 1212

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Public Service Commission

Prepared by: ⁽³⁾ Laurie Casados Date Prepared: ⁽⁴⁾ 2/2/2024 Phone: ⁽⁵⁾ 402-471-0252

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>25,000</u> | <u></u> | <u>0</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>25,000</u> | <u>0</u> | <u>0</u> | <u>0</u> |

Explanation of Estimate:

LB1212 would adopt the Railroad Safety Act. First, this bill would create a maximum length for trains carrying hazardous materials and requires railroads to offer hazmat training to local fire departments once every three years. It also requires each railroad operating within the state to have an operational and properly maintained wayside detector system, which would include a hot bearings detector and a dragging equipment detector installed every twenty miles and outlines a procedure that railroads must follow if they receive a warning from these systems. Annual reports regarding these systems would be required to be filed with the Commission.

Further, the bill would create a statutory prohibition against moving trains blocking public crossings for longer than ten minutes. The bill also establishes a procedure by which union representatives could investigate various issues on railroad property.

LB1212 requires the Commission to adopt and promulgate rules regarding minimum insurance requirements for trains transporting hazardous materials and the determination, imposition, and appeal of fines levied pursuant to the Act. The Commission would also be required to hold a public meeting to provide opportunity for comment regarding the implementation of adopted insurance rules once every three years while conducting periodic audits or investigations to ensure compliance in the interim.

As there are no specific inspection/compliance enforcement requirements to be performed by the Commission laid out in this bill, we are able to fulfill the majority of the requirements of this bill with current staffing.

However, the Commission would be required to adopt rules to establish minimum insurance coverage requirements for railroads that transport hazardous substances by November 1, 2025. These minimum rates must take into account the type and quantity of the hazardous substances transported, the routes used, and other relevant risk factors deemed

necessary. The Commission does not have the actuarial staff or expertise required to properly analyze the insurance coverage that would be required per this bill and would require the services of a consultant specializing in the area of risk management, risk analytics or actuarial science to aid in the determination of minimum amounts of insurance coverage. The Commission received an estimate of possible costs for such consulting services in the amount of \$25,000 and would require additional general fund appropriation in program 054 in this amount.

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> |
| Benefits..... | | | | |
| Operating..... | | | 25,000 | |
| Travel..... | | | | |
| Capital outlay..... | | | | |
| Aid..... | | | | |
| Capital improvements..... | | | | |
| TOTAL..... | | | 25,000 | 0 |