

Revised based upon amendments adopted.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	41,650		18,700	
CASH FUNDS	21,000,000		11,000,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	21,041,650		11,018,700	

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

LB 1098 would revise the membership of the Natural Resources Commission to include 27 members, including 14 individuals appointed by the Governor to represent various water user groups and 13 representatives of river basins. It is estimated that expanding the size of the Commission would increase costs to the Department of Natural Resources by \$41,650 General Funds in FY14-15 and \$18,700 General Funds in FY15-16. Costs are higher in FY14-15 because the department estimates that more Commission meetings would be required to develop rules and regulations for the Water Sustainability Fund and to provide orientation sessions for new Commission members.

As amended, LB 1098 would create administrative and governance provisions for the Water Sustainability Fund. The Water Sustainability Fund was created in LB 906 of 2014, and an initial transfer of \$21,000,000 General Funds into the fund was also carried out in LB 906. It is estimated that the Department of Natural Resources would require 2 FTE to assist the Commission in the development of rules and regulations and to provide agency administration for the grant process contemplated in LB 1098. Because LB 905 authorized the use of the Water Sustainability Fund for agency administrative expenses, total staffing and administrative costs would be \$134,407 Cash Funds in FY14-15 and \$127,007 Cash Funds in FY15-16. The remaining funding in the Water Sustainability Fund would be used for projects as authorized in LB 1098. The expenditure of \$11,000,000 Cash Funds in FY15-16 is based upon the fund creation language, which states in intent that \$11,000,000 be transferred into the fund annually beginning in FY2015-16.

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2014

LB⁽¹⁾ 1098 AM 2594

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Environmental Quality

Prepared by: ⁽³⁾ Tom Lamberson

Date Prepared: ⁽⁴⁾ March 26, 2014

Phone: ⁽⁵⁾ 402-471-4235

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The Department of Environmental Quality does not anticipate any significant fiscal impact resulting from AM 2594 of LB 1098.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

LB⁽¹⁾ 1098 AM2594

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

Prepared by: ⁽³⁾ Ron Theis Date Prepared: ⁽⁴⁾ 3/27/2014 Phone: ⁽⁵⁾ 402 471 0577

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$ 56,650		\$ 18,700	
CASH FUNDS	21,000,000		11,000,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$ 21,056,650</u>		<u>\$ 11,018,700</u>	

Explanation of Estimate:

AM2175 to LB906 established the Water Sustainability Fund (WSF) and appropriated \$21M for FY 2014-15 with intent for continued annual appropriation of \$11M beginning in FY 2015-16. LB906 provided that "the fund shall be used in accordance with the provisions established in Legislative Bill 1098 ... and for costs directly related to the administration of the fund." The purpose of AM2594 is to provide the necessary guidance for administration of the fund created and funded by LB906. LB1098 AM2594 now directs fiscal impacts to the agency from both the expansion of the Natural Resources Commission (Commission) and for the administration of the WSF.

The bill increases the number of Commissioners from 16 to 27 and charges the Commission with promulgating rules and regulations for the WSF. In addition, the WSF funding level for FY 2014-15 is expected to result in a large number of applications to be considered by the Commission which will require the Commission to meet more often than the current norm of about four meetings per year. Costs incurred for each Commission meeting currently average approximately \$375 per Commissioner. Assuming meetings will be held every two months in FY 2014-15 and quarterly thereafter, per diem, travel, and lodging costs are estimated to increase by nearly \$42,000 in FY 2014-15 and by nearly \$19,000 per year thereafter. The Department of Natural Resources (DNR) does not expect general support duties for meetings and rule-making hearings will require additional administrative personnel, but believes the deployment of technology resources at a projected one-time cost of \$15,000 would improve the efficiency of information dissemination and facilitate communication among Commissioners and staff. It is assumed that Commission costs will be covered by an increase in the General Fund appropriation to DNR's operating program.

WSF administration by the DNR will require additional staff resources and operations expenditures which are to be paid from funds appropriated to the WSF per LB906. Rule and regulations to be developed by the Commission are expected to delineate specific procedures for applications submission, DNR review and recommendation, and funds disbursement, but DNR recognizes that the fiscal scope of WSF exceeds the combined total of FY 2013-14 appropriations to other funds overseen by the Commission, and will be over three times that in FY 2014-15. Since specific governance is not yet defined, the Nebraska Resources Development Fund administration structure and costs were used as a basis to estimate DNR administration costs for the WSF. After taking into consideration intentions stated in the bill of varied project types and scopes, equitable distribution criteria, and amount of funds available to be committed, it is estimated that two additional staff and related operating costs will be required to manage and administer the WSF, at a cost of \$134,407 in FY 2014-15 and \$127,007 per year in subsequent fiscal years. This estimate assumes that one FTE currently assigned project-related administration and support duties for the Nebraska Resources Development Fund will be able to supervise and perform WSF administration duties.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u>	<u>2015-16</u>
	<u>14-15</u>	<u>15-16</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Per diems – 11 new commissioners & additional meetings	11	11	9,800	4,400
DNR Staff: NR Planner Coordinator	1	1	48,577	48,577
NR Planner Technician	1	1	42,036	42,036
Benefits			31,714	31,714
Operating ...30 reader tablets@ \$500 for Commissioners and staff.....			15,000	-
Operating ...DNR Staff			7,400	
Travel ...Commissioners.....			31,850	14,300
Travel ...DNR Staff.....			4,680	4,680
Capital outlay				
Aid			20,865,593	10,872,993
Capital improvements				
TOTAL			191,057	145,707