

## LEGISLATIVE BILL 727

Approved by the Governor May 22, 1989

Introduced by Appropriations Committee, Warner, 25,  
Chairperson; L. Johnson, 15; Wehrbein, 2;  
Scofield, 49; Langford, 36; Schimek, 27;  
Ashford, 6; Moore, 24; Hannibal, 4

AN ACT relating to the severance tax; to amend sections 19-4617, 57-705, 81-1633, and 81-1634, Reissue Revised Statutes of Nebraska, 1943; to authorize transfers from the Severance Tax Fund; to create a fund; to require the State Energy Office to prepare a report; to provide powers and duties for the Appropriations Committee of the Legislature; to change provisions relating to the School Weatherization Fund; to provide continuation funding for administrative expenses as prescribed; to harmonize provisions; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 19-4617, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

19-4617. (1) There is hereby created the Municipal Natural Gas Regulation Revolving Loan Fund which shall be used to make loans to municipalities for rate regulation and to pay the costs of administration. The fund shall consist of money appropriated from the Nebraska Energy Resource Fund prior to July 1, 1990, and from the Severance Tax Fund on and after July 1, 1990. and money from repayment of loans. The fund Municipal Natural Gas Regulation Revolving Loan Fund shall be administered by the Governor's Policy Research Office which shall adopt and promulgate rules and regulations to carry out this subsection. The rules and regulations shall include:

(a) Loan application procedures and forms; and  
(b) Fund-use monitoring and quarterly accounting of fund use.

Applicants for a loan from the fund shall provide a budget statement which specifies the proposed use of the loan proceeds. Such proceeds may only be used for the costs and expenses incurred by the municipality to analyze rate filings and establish

areawide rates and to finance litigation costs of any appeals. Such costs and expenses may include the cost of rate consultants, attorneys, hearing officers, preparation of transcripts and hearing records provided for by the Municipal Natural Gas Regulation Act, expert witnesses, and any other necessary costs related to the conduct and administration of the hearing provided for in subsection (4) of section 19-4616. One loan may be made under this subsection to each rate area, and such loan shall be made to the applicant representing the largest number of customers. All loans made under this subsection shall be paid by the utility to the Governor's Policy Research Office within thirty days of being billed by the office. The utility may recover the amount paid on a loan through a special surcharge on customers which may be billed on the monthly statements for up to a twelve-month period to be shown on the statements as a charge for rate regulation expense.

(2) The Municipal Natural Gas Regulation Revolving Loan Fund shall be audited as part of the regular audit of the Governor's Policy Research Office budget and copies of the audit shall be available to all municipalities and any utility supplying natural gas in this state.

(3) Any money in the Municipal Natural Gas Regulation Revolving Loan Fund available for investment shall be invested by the state investment officer pursuant to sections 72-1237 to ~~72-1269~~ 72-1276. If the fund balance exceeds four hundred thousand dollars, the income on the money in the fund shall be credited to the permanent school fund until the balance of the Municipal Natural Gas Regulation Revolving Loan Fund falls below such amount.

(4) A municipality which receives a loan under this section shall be responsible to provide for the opportunity for all other municipalities to participate in all rate area activities. Such municipality shall not exclude any other municipality in the rate area from the information or benefits accruing from the use of the loan funds.

Sec. 2. That section 57-705, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

57-705. (1) All taxes levied by Chapter 57, article 7, shall be paid to the Tax Commissioner. He or she shall pay to the State Treasurer all money so received. All such sums of money received by the State Treasurer shall be placed by him or her in a fund to be known as the Severance Tax Fund. An amount equal to one

percent of the gross severance tax receipts, excluding those receipts from tax derived from oil and natural gas severed from school lands, so placed in such fund shall be credited by the State Treasurer, upon the first day of each month, and shall inure to the Severance Tax Administration Fund to be used for the expenses of administering Chapter 57, article 7. The balance of the Severance Tax Fund received from school lands shall be credited by the State Treasurer, upon the first day of each month, and shall inure to the permanent school fund as established in Article VII, section 7, of the Constitution of Nebraska.

(2) Of the balance of the Severance Tax Fund received from other than school lands prior to July 1, 1990, ~~{1}~~ (a) five hundred thousand dollars annually shall be allocated to the Nebraska Energy Resource Fund, which fund is hereby created, and ~~{2}~~ (b) the remainder shall be allocated to the School Weatherization Fund, which fund is hereby created. For fiscal years 1984-85, 1985-86, 1986-87, 1987-88, 1988-89, and 1989-90, the Legislature may appropriate for each year from the Nebraska Energy Resource Fund two hundred thousand dollars to the State Energy Office for the purpose of carrying out sections 66-1029 to 66-1055 and for energy conservation purposes and providing technical assistance in developing alternate sources of energy, one hundred thousand dollars to the Nebraska Gasohol Committee, and two hundred thousand dollars to the Department of Revenue to assist in the administration of sections 66-1029 to 66-1055 and Chapter 57, article 7, except that money in the Nebraska Energy Resource Fund may be transferred to the General Fund at the direction of the Legislature.

(3) Of the balance of the Severance Tax Fund received from other than school lands on and after July 1, 1990. (a) the Legislature may transfer an amount to be determined by the Legislature through the appropriations process up to two hundred fifty thousand dollars for each year to the State Energy Office Cash Fund. (b) the Legislature may transfer an amount to be determined by the Legislature through the appropriations process up to thirty thousand dollars for each year to the Governor's Policy Research Office for administration of the Municipal Natural Gas Regulation Revolving Loan Fund. and (c) the remainder shall be credited and inure to the permanent school fund. Commencing July 1, 1990, the balance of the Severance Tax Fund received from other than school lands shall be credited and inure to the permanent school fund.

Sec. 3. The State Energy Office Cash Fund is hereby created. The fund shall consist of funds received pursuant to section 57-705. The fund shall be used for the administration of sections 81-1601 to 81-1607, for energy conservation activities, and for providing technical assistance to communities in the area of natural gas other than assistance regarding ownership of regulated utilities. Any money in the fund available for investment shall be invested by the state investment officer pursuant to sections 72-1237 to 72-1276.

Sec. 4. That section 81-1633, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

81-1633. (1) Each school district receiving a grant or loan pursuant to section 81-1632 shall, on an annual basis, submit a report to the State Energy Office detailing any changes in energy consumption for each school in which an energy efficiency project or program was funded pursuant to ~~sections~~ section 81-1632, and 81-1633. The report shall also include a detailed breakdown of project expenditures for the previous twelve months.

(2) The State Energy Office shall prepare a report for the Legislature by November 1, 1989, assessing (a) the current energy efficiency status of Nebraska public schools, (b) the cost-effective opportunities for further public school weatherization, and (c) the adequacy of current funds to accomplish weatherization opportunities identified in the report.

(3) The Legislature's Performance Review and Audit Appropriations Committee shall annually review and assess the need for continuation of the School Weatherization Fund and the appropriateness of the administration expenses provided for this program.

(4) ~~{3}~~ The State Energy Office may adopt and promulgate rules and regulations necessary to ensure the effectiveness of sections this section and section 81-1632. For each fiscal year, the Legislature shall designate, by appropriation, and 81-1633 and may retain an amount from the School Weatherization Fund for the State Energy Office for administration of each new each loan or grant, not to exceed three percent of the total loan or grant, to cover the actual cost of administering the loan or grant and any outstanding loans.

Sec. 5. That section 81-1634, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

81-1634. Sections 81-1632 and 81-1633 shall

terminate on June 30, 1996. Commencing July 1, 1996, funds received in repayment for energy efficiency loans from the School Weatherization Fund shall be placed in the permanent school fund, except that for each fiscal year in which there are any outstanding loans, the Legislature shall designate a portion of such funds for use by the State Energy Office to cover the actual cost of administering outstanding loans.

Sec. 6. That original sections 19-4617, 57-705, 81-1633, and 81-1634, Reissue Revised Statutes of Nebraska, 1943, are repealed.