PREPARED BY: DATE PREPARED: PHONE: Jeanne Glenn March 12, 2013 402-471-0056

LB 516

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 2013-14 FY 2014-15							
	EXPENDITURES REVENUE EXPENDITURES REVEN							
GENERAL FUNDS	See below	(See below)		(See below)				
CASH FUNDS	See below	See below	See below	See below				
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS	See below	See below	See below	See below				

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

LB 516 would establish the Nebraska Water Legacy Act. The fiscal impact would include the following:

Water Legacy Fund: LB 516 would establish the Water Legacy Fund to be used for water management programs, projects, activities and studies. The fund would receive revenue from ¼ of 1 cent of the proceeds of the sales and use taxes, excluding the proceeds from the sale or lease of motor vehicles. It is estimated that revenue to the fund would total \$60,000,000 to \$75,000,000 annually. Because LB 516 does not designate a specific starting or ending date for the allocation of sales tax revenue to the fund, the specific fiscal year impact cannot be estimated at this time. The reallocation of a portion of the sales and use tax revenue would result in a General Fund loss and a corresponding cash fund revenue increase.

Water Legacy Commission and funding assessment: LB 516 would establish the Water Legacy Commission and would direct the commission to conduct a water management and funding needs assessment and to provide a report on or before December 31, 2014 containing a plan for the Water Legacy Fund. The plan would include a detailed process identifying criteria to be used for production of a priority listing of water management programs, projects and activities eligible from the fund. It is estimated that the cost of doing the initial project assessment and priority listing by December 31, 2014 would require the assistance of private consulting firms and could cost up to \$3,000,000. Because LB 516 does not establish a date for the deposit of sales tax revenue into the Water Legacy Fund, the source of funding for the study is estimated to be General Funds.

Expenditures from the fund in subsequent fiscal years would depend upon when the designated portion of sales and use tax revenues was deposited into the Water Legacy Fund. When fully funded, it is anticipated that \$60,000,000 to \$75,000,000 could be expended annually from the fund. It is assumed that or administrative purposes, the Commission and the fund would be budgeted in the Department of Natural Resources. It is estimated that there will be staffing and operating costs to administer the fund. LB 516 does not specifically allow for administrative expenses to be paid from the fund, and in absence of such language, costs would come from the General Fund.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES						
LB: 516 AM: AGENCY/POLT. SUB: Nebraska Department of Natural Resources						
REVIEWED BY: Cindy Miserez DATE: 2/28/2013 PHONE: 402-471-4174						
COMMENTS: I concur with the Department of Natural Resources' statement of no fiscal impact for the Department of						
Natural Resources. The fiscal impact of diverting one-quarter of one percent sales tax to the Nebraska Water Legacy						
Commission that would otherwise go to the General Fund will be presented on the Nebraska Department of Revenue's fiscal						
note currently being prepared by the Nebraska Department of Revenue.						

LB 516 Fiscal Note 2013

State Agency Estimate							
State Agency Name: Department of Revenue Date Due LFA: 3/13/2013							
Approved by: Douglas Ewald		Date Prepared:	3/5/2013		Phone: 471-5896		
FY 2013-2014 FY 2014-2015 FY 2015-2016							
Exp	enditures	Revenue	Expenditures	Revenue	<u>Expenditures</u>	Revenue	
General Funds		(\$ 59,127,000)		(\$ 73,723,000)		(\$ 76,957,000)	
Cash Funds		\$ 59,127,000		\$ 73,723,000		\$ 76,957,000	
Federal Funds							
Other Funds							
Total Funds		\$ 0		\$ 0		\$ 0	

LB 516 (Nebraska Water Legacy Act) creates the Nebraska Water Legacy Commission and the Nebraska Water Legacy Fund (Fund) to identify and fund water resources programs, projects, and activities that will achieve the goals of water sustainability. LB 516 credits the proceeds of one quarter cent of the state sales and use tax, excluding proceeds from the sale or lease of motor vehicles, to the Fund beginning on or after July 1 of an unspecified year and ending July 1 of an unspecified year.

Based on the forecast of the Nebraska Economic Forecasting Advisory Board and projections by Global Insight, and assuming an operative date of July 1, 2013, the Department estimates the following fiscal impact to the General Fund and Nebraska Water Legacy Fund.

	Nebraska Water	Fiscal Impact to
Fiscal Year	Legacy Fund	the General Fund
FY 2013-14	\$59,127,000	(\$59,127,000)
FY 2014-15	\$73,723,000	(\$73,723,000)
FY 2015-16	\$76,957,000	(\$76,957,000)
FY 2016-17	\$80,324,000	(\$80,324,000)

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

Major Objects of Expenditure								
Class Code	Classification Title	13-14 <u>FTE</u>	14-15 <u>FTE</u>	15-16 <u>FTE</u>	13-14 Expenditures	14-15 Expenditures	15-16 Expenditures	
Benefits								
Operating Costs								
	Travel							
Capital Outlay								
Aid								
Capital Improvements	Capital Improvements.							

LB⁽¹⁾ 516 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾		Natural Resources				
Prepared by:	Ron Theis	Date Prepared:	1/25/13	Phone:	402 471 0577	

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2013	B-14	FY 20	14-1 <u>5</u>
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	0	0	0	0
CASH FUNDS	0	0	0	0
FEDERAL FUNDS	0	0	0	0
OTHER FUNDS	0	0	0	0
TOTAL FUNDS	0	0	0	00

<u>Return by date specified or 72 hours prior to public hearing, whichever is earlier.</u> Explanation of Estimate:

LB 516 does not specifically identify DNR resources and would not require direct support. The bill would not have fiscal impact.

The fiscal impact of promulgating rules and regulations for the Commission, if asked, is considered minimal, with no additional personnel or significant operating costs.

NOTE: The Department referred to in Section 3(2) is the Department of Natural Resources.

	MAJOR OBJEC	CTS OF EXPENI	DITURE	
Personal Services:				
	NUMBER O	F POSITIONS	2013-14	2014-15
POSITION TITLE	<u>13-14</u>	<u>14-15</u>	EXPENDITURES	EXPENDITURES
		·		
				
Benefits	••			
Operating				
Travel	•••			
Capital outlay				
Aid				
Capital improvements	••••			
TOTAL			0	0