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LB 385

Revision: 01

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised due to adoption of amendments on Select File

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		$4,652,000		$4,652,000
CASH FUNDS	($8,119,840)	($8,119,840)	($8,119,840)	($8,119,840)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	($8,119,840)	($3,467,840)	($8,119,840)	($3,467,840)

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 385, as amended by AM 1184, changes the Low-Income Home Energy Conservation Act.

Section 66-1015 is amended to require that any eligible entity planning on administering a program of energy conservation improvements shall notify the Department of Revenue of the amount the eligible entity plans to remit for such program for the next two fiscal years. The first such notification is to take place no later than September 1, 2012 and by September 1 of even-numbered years thereafter. The amount that an eligible entity may remit is capped at $50,000 per fiscal year.

An eligible entity is one of the following: a public power district, a rural public power district, an electric cooperative, a nonprofit corporation organized for the purpose of furnishing electric service, a joint entity organized under the Interlocal Cooperation Act, or a municipality.

Section 66-1015 is further amended to provide that the amount remitted by an eligible entity shall be matched by the state and that when the amount remitted by eligible entities reaches $250,000 no more deposits will be accepted.

Commencing July 1, 2014, and each fiscal year thereafter, it is the intent of the Legislature that $250,000 be transferred from the General Fund to the Energy Conservation Improvement Fund to provide matching funds for the energy conservation improvement programs. The bill as amended includes the emergency clause and provides a sunset date of July 1, 2019 for the Act.

The Department of Revenue has indicated the fiscal impact to the General Fund as an increase of $4,652,000 per fiscal year beginning in FY2011-12 and a reduction in the Cash Fund of $8,119,840 per fiscal year along with a commensurate decrease in Cash Fund expenditures of $8,119,840 per fiscal year.

It appears that the Department's estimate is based on the original 2008 fiscal note on LB 1001 which created the Fund and the program, and the savings to the General Fund is based on the original assumptions regarding LB 1001 and utilization of the program. The federal government enacted similar legislation under the American Recovery and Reinvestment Act of 2009 (ARRA) which did not have the matching requirements of LB 1001 and appears to have been widely used in the state with approximately $13,895,000 be~~ing~~ spent through January 2011. Therefore, the utilization of the Low-Income Home Energy Conservation Act has been much lower than anticipated. Given the amount expended under the ARRA program, it appears that the original assumptions concerning LB 1001, absent the passage of the federal legislation, would have been accurate because of the demand for such grants and the cost savings estimated by the Department if LB 385 passes~~, are justified~~ on that basis.

The balance in the Energy Conservation Improvement Fund as of March 31, 2011 was $117,089, which includes $4,515 of investment income for the fiscal year to that point. The peak balance in the Fund was $383,745, which also includes investment income. Disbursements from the fund have totaled $270,878.

The fiscal impact of LB 385 is as follows:

	General Fund:	Cash Fund:
FY2011-12:	$4,652,000	$8,119,840
FY2012-13:	$4,652,000	$8,119,840
FY2013-14:	$4,652,000	$8,119,840
FY2014-15:	$4,402,000	$7,619,840