

Revised for the 2014 Legislative Session

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	127,855		122,075	
CASH FUNDS	103,996		99,498	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	231,551		221,551	

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

LB 637 would direct the Department of Environmental Quality (DEQ) to carry out certain actions prior to the adoption of rules and regulations that would impose regulations different than federal regulations or would increase costs on regulated persons or entities. DEQ would be required to identify regulated entities and persons, solicit input from regulated individuals and groups, prepare estimates of the average annual administrative costs to regulated groups, develop an economic impact assessment, develop a justification statement for the proposed regulation, identify data sources consulted, and develop a regulatory flexibility analysis identifying methods to minimize economic impacts. The Governor’s Policy Research Office would be required to review DEQ proposals and prepare a fiscal impact statement regarding the proposed rules and regulations.

Because most of the DEQ rules and regulations would apply to the criteria established in LB 637, and the agency has an extensive number of programs requiring the development or revision of rules and regulations, there is no basis to disagree with the agency estimate that compliance with the process established in LB 637 would require increased staffing. The agency estimates that 1 FTE economist and 1 FTE Environmental Quality Program Specialist would be hired to assess the economic, administrative and technical impacts of proposed rule and regulation revisions. Existing agency staff would also provide assistance on an as-needed basis. Costs would be split between General Funds and Cash Funds. It is estimated that additional federal funds would not be available to support the costs of LB 637.

It is estimated that the Governor’s Policy Research Office could carry out the provisions of LB 637 using existing staff.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 637	AM:	AGENCY/POLT. SUB: Nebraska Department of Environmental Quality	
REVIEWED BY: Cindy Miserez		DATE: 12/16/2013	PHONE: 402-471-4174
COMMENTS: The Department of Environmental Quality (DEQ) estimate of fiscal impact from LB 637 includes the cost of two additional FTE (an Economist and an Environmental Quality Programs Specialist), as well as related Benefits and Operating costs to implement the new requirements identified in the bill. The DEQ estimate appears to be reasonable.			

Please complete ALL (5) blanks in the first three lines.

2014

LB⁽¹⁾ 637

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Environmental Quality

Prepared by: ⁽³⁾ Tom Lamberson

Date Prepared: ⁽⁴⁾ Nov. 27, 2013

Phone: ⁽⁵⁾ 402.472.4235

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	<u>127,855</u>	<u></u>	<u>122,075</u>	<u></u>
CASH FUNDS	<u>103,996</u>	<u></u>	<u>99,498</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>231,551</u>	<u></u>	<u>221,551</u>	<u></u>

Explanation of Estimate:

LB 637 would require the department to undertake the following activities prior to taking amendments to rules and regulations to the Environmental Quality Council for action.

1. Prepare proposal for rulemaking.
2. Identify requirements different than federal regulations, if any.
3. Identify if there will be increased costs to regulated entities or persons.

If yes to 2 or 3:

4. Identify regulated entities and persons impacted by proposal by industry sector.
5. Provide proposal to PRO for preliminary review.
6. Solicit input for regulated persons and entities impacted by proposal.
7. Prepare estimate of average annual reporting, recordkeeping and administrative costs to regulated persons or entities.
8. Estimate total annual economic impact that compliance with the proposal will have on **all** regulated persons or entities, including assumptions made and data used.
9. Prepare a justification statement for any requirement or cost imposed and not expressly required by statute.
10. Identify any data, studies or analyses relied upon.
11. Simultaneously Prepare a Regulatory Flexibility Analysis identifying potential methods to minimize economic impact on regulated persons or entities, including:
 - Establishment of less stringent compliance or reporting requirements.
 - Establishment of less stringent schedules or deadlines for compliance or reporting.
 - Consolidation or simplification of compliance or reporting requirements.
 - Establishment of performance standards instead of design or operational standards.
 - Exemption of regulated entities from some or all requirements or costs imposed.
 - Explanation of reasons for department's preliminary decision not implement an alternative method considered including referencing any data, studies or references relied upon.

Publish Statement—at least 60 days prior to publication of notice of EQC hearing.

Deliver statement to PRO—at least 60 days prior to publication of notice of EQC hearing.

Deliver proposed rule and regulation amendments to PRO—at least 60 days prior to publication of notice of EQC hearing.

Give written notice to PRO of proposed date of adoption of proposed rules and regulations.

Make proposed rule and regulation available to the public—at least 60 days prior to publication of notice of EQC hearing.

Consider the PRO fiscal impact statement as part of the rulemaking process.

With the exception of Items 1 through 3 above, virtually all the requirements of LB 637 impose new or increased requirements on the department.

Since the department is required to propose amendments to regulations on a regular basis due to legislative actions or federal delegations, it is anticipated that two FTE would be required to work full time on regulatory analysis. In addition appropriate program staff would be also be assigned to assist with the regulatory analysis and development process.

Based on a review of recent regulatory proposals, the department believes that virtually all future regulatory proposals will fall under the requirements of LB 637.

The department calculated the funding split between general funds and cash funds as a proportion of funding by source in the department's budget request for operations. Since there would be no additional federal funds generated to fund the requirements of LB 637, the department assumed the proportion attributable to Federal Funds would be funded by General Funds.

The fiscal note was updated to reflect negotiated salary increases.

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>
Economist	1	1	47,438	47,438
Environmental Quality Programs Specialist II	1	1	43,921	43,921
Benefits.....			57,807	57,807
Operating.....			68,385	68,385
Travel.....			4,000	4,000
Capital outlay.....			10,000	
Aid.....				
Capital improvements.....				
TOTAL.....			231,551	221,551