

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See below		See below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below		See below	

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

LB 413 would direct the Department of Environmental Quality (DEQ) to conduct evaluations of municipal permits to be issued under the National Pollutant Discharge Elimination System (NDPES.) The evaluations would be carried out when requested by the political subdivision, and would include the following considerations: 1) The capability of the political subdivision to raise and secure necessary funding at a reasonable cost; 2) the affordability to ratepayers; 3) the growth potential of the political subdivision and whether the infrastructure is sufficient for projected needs; 4) the overall costs and environmental benefits; 5) the other environmental improvements made by the political subdivision; and 6) other relevant economic and social concerns or environmental conditions.

The DEQ estimate assumes that up to 53 requests could be received annually for the agency to conduct the analysis specified in LB 413. The agency assumes that the permit applicants would provide most of the information required to conduct the analysis, and the agency would hire 1 FTE staff position to coordinate the process and carry out reviews. DEQ notes that it would also contract with experts to carry out the economic and financial analysis aspects of the reviews. Assuming this workload and degree of analysis, the total costs to the agency could total between \$180,000 and \$190,000 annually. Of the total amount, \$100,000 is related to agency staffing, operating costs and travel, with \$80,000 being contractual service expenses. A variable that would impact costs would be the number of evaluations requested, and the amount of contractual service usage.

Because LB 413 does not specify a funding source, and because additional federal funding is not available for this activity, costs would come from the General Fund. DEQ notes that if entities requesting reviews are participating in the Clean Water State Revolving Loan program, it is possible that some of the costs could be allocated to the cash fund associated with that program.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>		
LB: 413	AM:	AGENCY/POLT. SUB: Nebraska Department of Environmental Quality
REVIEWED BY: Cindy Miserez	DATE: 02/18/2015	PHONE: <a href="tel:402-471-4174">402-471-4174</a>
COMMENTS: The Nebraska Department of Environmental Quality's statement of fiscal impact for LB413 appears reasonable.		

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2015

LB<sup>(1)</sup> 413

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Department of Environmental Quality

Prepared by: <sup>(3)</sup> Thomas R. Lamberson

Date Prepared: <sup>(4)</sup> February 17, 2015

Phone: 402-471-4235  
<sup>(5)</sup>

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2015-16</u>		<u>FY 2016-17</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$186,623</u>	<u>0</u>	<u>\$183,469</u>	<u>0</u>
CASH FUNDS	<u>                    </u>	<u>                    </u>	<u>                    </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>\$186,623</u>	<u>0</u>	<u>\$183,469</u>	<u>0</u>

**Explanation of Estimate:**

LB 413 would require the department to evaluate municipal permits proposed to be issued to any political subdivision under the National Pollutant Discharge Elimination System (NPDES) created by the Clean Water Act, exercising discretion allowed by the U.S. Environmental Protection Agency to enable the political subdivision to maintain environmental infrastructure while improving water quality in a manner that is sustainable and within the financial capability of the political subdivision. If requested by a political subdivision, the department would undertake this evaluation when issuing or reissuing its permit.

LB 413 requires the department's analysis to include, but not be limited to the following factors in its evaluation:

- (a) The financial capability of a political subdivision to raise and secure funding at a reasonable cost;
- (b) The affordability for ratepayers of the implementation of pollution control options;
- (c) The future growth potential and projections of a political subdivision and whether its infrastructure is sufficient for projected needs;
- (d) The overall costs and environmental benefits of control technologies;
- (e) Other environmental improvement investments made by a political subdivision; and
- (f) Other relevant economic and social concerns or environmental conditions.

The department currently issues the following NPDES municipal permits by class:

- Village – 156
- 2<sup>nd</sup> Class City – 85
- 1<sup>st</sup> Class City – 24
- Primary Class – Lincoln
- Metro Class – Omaha

Out of the 267 total municipal permits issued (for 5 year periods), it is estimated that up to 53 political subdivisions per year could request the department to complete the LB 413 evaluation each year. The department assumes the permittee would supply the majority of data needed in order to perform the evaluation, unless the data was already available to the department. It is estimated each evaluation would take an average of two weeks to complete. Evaluations would be completed by the department with the assistance of contracted experts such as economists, or financial forecasters. In order for the department to coordinate and perform the required work, one full-time equivalent Environmental Quality Program Specialist II would be required.

Since federal funds are not available to complete the LB 413 evaluations, general funds would be required to cover the necessary costs. A potential exists that a small amount of Clean Water State Revolving Funds (CWSRF) could be utilized for those entities that are seeking loans through the CWSRF Program.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<b>POSITION TITLE</b>	<b>NUMBER OF POSITIONS</b>		<b>2015-16</b>	<b>2016-17</b>
	<b><u>15-16</u></b>	<b><u>16-17</u></b>	<b><u>EXPENDITURES</u></b>	<b><u>EXPENDITURES</u></b>
Environmental Quality Program Specialist II	1	1	\$44,918	\$45,995
Benefits .....			25,452	25,616
Contractual .....			80,000	80,000
Operating .....			29,253	29,858
Travel .....			2,000	2,000
Capital outlay .....			5,000	0
Aid .....				
Capital improvements .....				
<b>TOTAL</b> .....			<b>\$186,623</b>	<b>\$183,469</b>