

Revised based upon amendments adopted.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	79,181	79,181	75,566	75,566
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	79,181	79,181	75,566	75,566

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

LB 413 as amended would allow 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 could 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.

Amendments to LB 413 authorize the Environmental Quality Council to adopt rules and regulations to establish a tiered application fee schedule to be charged to political subdivisions requesting an evaluation. Application fees would be deposited in the Environmental Infrastructure Sustainability Cash Fund and used to defray DEQ costs related to the completion of the evaluation. The amendment to LB 413 also provides that any unused portion of the application fee shall be refunded to the political subdivision, and that if costs exceed the initial application fee, DEQ and the political subdivision shall enter into an agreement establishing a schedule for payment of additional costs by the political subdivision.

DEQ estimates that up to 31 political subdivisions could request evaluations on an annual basis. The agency estimates that a .75 FTE Program Specialist would be hired to staff the program, conduct evaluations and consult with the political subdivisions requesting evaluations. There is no basis to disagree with the agency estimate that \$75,000 to \$80,000 in revenue would be received annually from application fees, and the revenue would be used to offset agency staffing and operating costs

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2015

LB⁽¹⁾ 413 – AM 566

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Environmental Quality

Prepared by: ⁽³⁾ Thomas R. Lamberson

Date Prepared: ⁽⁴⁾ March 13, 2015

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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				
CASH FUNDS	<u>\$79,181</u>	<u>\$79,181</u>	<u>\$75,566</u>	<u>\$75,566</u>
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$79,181</u>	<u>\$79,181</u>	<u>\$75,566</u>	<u>\$75,566</u>

Explanation of Estimate:

LB 413 would require the department, if requested, 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 allows the department to use any or all of the following analysis 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
- 2nd Class City – 85
- 1st 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 31 political subdivisions per year could request the department to complete the LB 413 evaluation. The permittee would supply the majority of data needed in order to perform the evaluation, unless the data was already available to the department. Depending on resources within the department, some evaluations would take moderate effort to complete, while others may require the full range of evaluation factors in order to determine the financial capability of the political subdivision. In order for the department to coordinate and perform the required work, three-quarters full-time equivalent (.75) Environmental Quality Program Specialist II would be required.

This fiscal note does not consider the costs related to evaluating Lincoln or Omaha.

LB413 gives the Environmental Quality Council the ability to set a tiered application fee of up to \$5,000 to be paid by the political subdivision requesting an evaluation. Costs incurred by the department in excess of the initial application fee would be billed to the political subdivision. The Environmental Infrastructure Sustainability Cash Fund would be created by the department to account for the revenues and expenses related to the LB 413 evaluations.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2015-16</u>	<u>2016-17</u>
	<u>15-16</u>	<u>16-17</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Environmental Quality Program Specialist II	0.75	0.75	\$33,688	\$34,496
Benefits.....			15,553	15,676
Contractual				
Operating.....			22,940	23,394
Travel.....			2,000	2,000
Capital outlay.....			5,000	
Aid.....				
Capital improvements.....				
TOTAL.....			\$79,181	\$75,566