

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised for operations changes

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$107,005		\$107,005	
CASH FUNDS	\$5,000,000	\$5,000,000		
FEDERAL FUNDS				
OTHER FUNDS		(\$5,000,000)		
TOTAL FUNDS	\$5,107,005	\$	\$107,005	

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

LB1368 creates the Nitrogen Reduction Incentive Act which does the following:

- Creates findings and declarations of the Legislature;
- Sets definitions under the act;
- Creates the Nitrogen Reduction Program, sets administration within the Department of Natural Resources;
- Requires the Department to provide an annual per-acre incentive for qualified farmers;
- Requires the Department to review the required commercial fertilizer rate;
- Requires the Department to collaborate with natural resource districts, consult with farmers, and use the collaboration and consultation to review the per-acre payment rate;
- Caps the award for incentive payments at \$5,000,000 per annum;
- Sets a termination date for December 31, 2029;
- Requires the Department to adopt and promulgate rules and regulations;
- Caps awards at the lesser of \$5,000,000 or the total amount appropriated by the Legislature;
- Creates a transfer of \$5,000,000 from the Cash Reserve Fund to the Nitrogen Reduction Incentive Cash Fund;
- Creates intent that any General Funds appropriated be used for operating expenses only.

No basis to disagree with the administrative cost provided by the Department, however the administrative cost will be ongoing rather than limited to just the first year.

A one-time transfer from the Cash Reserve Fund is created. Ongoing revenues received from grants is indeterminable and appropriations will have to be adjusted during the budgetary process.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1368	AM:	AGENCY/POLT. SUB: Department of Natural Resources	
REVIEWED BY: Jacob Leaver	DATE: 1/25/2024	PHONE: (402) 471-4173	
COMMENTS: Concur with the Department of Natural Resources' estimated fiscal impact to the agency as a result of LB 1368.			

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2024

LB⁽¹⁾ 1368

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Natural Resources

Prepared by: ⁽³⁾ Isabella Peterson Date Prepared: ⁽⁴⁾ 01/18/2024 Phone: ⁽⁵⁾ 402 560 2017

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>0</u>	<u>0</u>
CASH FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FEDERAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
OTHER FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL FUNDS	<u>\$5,000,000</u>	<u>\$5,000,000</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

This bill creates the Nitrogen Reduction Incentive Act (“Act”) and expresses intent to appropriate \$5,000,000 for FY 2024-25 from the General Fund to the Department for carrying out the purposes. The Act requires the Department to collaborate with natural resources districts to administer the Nitrogen Reduction Incentive Program (“Program”). The Act requires the Department to provide incentive payments to farmers and encourage farmers to reduce the use of commercial fertilizer and incorporate innovative technology into farming practices. The Act requires the Department, through the Program, to provide an annual per-acre incentive for farmers who verify that commercial fertilizer rates were reduced by a certain amounts per acre.

The Act requires the Department to review the required commercial fertilizer rate of reduction for the Program on a biennial basis to determine if higher reduction targets are necessary.

The Act requires the Department to collaborate with natural resources districts to add any new technology to the Program as it becomes available; identify geographically beneficial target areas while keeping the Program open to all farmers in the state; consult with farmers and commercial entities in the agriculture industry to determine a per-acre payment rate tied to the commercial rate reduction but not less than ten dollars per acre; and review the per-acre payment rate based on inflation or emerging technology in renewing years.

The Act requires the Department to adopt and promulgate rules and regulations that adopt a standard for labeled products to qualify for the Program and may adopt such rule and regulations to carry out the Act.

It is unknown if all the funds will be used within the first year. If this is the case, expenditures will take place in FY 2025-26 as well.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
<u>Environmental Specialist III (V45013)</u>	<u>1</u>	<u>0</u>	<u>\$60,505</u>	<u>\$0</u>
<u>Benefits.....</u>			<u>\$34,000</u>	<u>\$0</u>
<u>Operating.....</u>			<u>\$8,000</u>	<u>\$0</u>
<u>Travel.....</u>			<u>\$4,500</u>	<u>\$0</u>

Capital outlay.....	<u>\$0</u>	<u>\$0</u>
Aid.....	<u>\$4,892,995</u>	<u>\$0</u>
Capital improvements.....	<u>\$0</u>	<u>\$0</u>
TOTAL	<u>\$5,000,000</u>	<u>\$0</u>