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 DATE PREPARED: August 02, 2024  
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# LB 67

Revision: 01

# FISCAL NOTE

## LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised to include comments from agency and subdivisions

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2024-25</b>		<b>FY 2025-26</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			\$92,088,451	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
<b>TOTAL FUNDS</b>			\$92,088,451	

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

LB67 would, beginning in FY2025-26, end the property tax levy for Natural Resource Districts (NRDs) with exceptions for failure of the state to provide aid as prescribed in LB67 or if approved by a majority vote of the board of directors of the Natural Resources District.

The amount distributed is to be equal to the amount of property taxes levied by NRDs in FY2024-25 plus 3.5%, with the distribution increasing by 3.5% each year thereafter.

No basis to disagree with the estimates for state aid as provided by the Department of Natural Resources. The estimate for administrative costs provided by the Department appears reasonable.

No basis to disagree that current aid programs that NRDs may apply for require local match which may effect future grant awards, however the timing and amounts of the impact are unknown as those are competitive grant programs.

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2024

LB<sup>(1)</sup> 67

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Association of Resources Districts

Prepared by: <sup>(3)</sup> Dean Edson Date Prepared: <sup>(4)</sup> August 1, 2024 Phone: <sup>(5)</sup> 402.471.7674

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	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

By state funding the NRDs, they would lose access to many state, federal and other grant programs that require local match. We compiled a survey of each district to use **ONLY** those funds that require local match that cannot be state sources of revenue. We used the FY 23-24 budgets as those are completed and asked them to fill in what they are budgeting for in FY 24-25. The FY 24-25 budgets are not finalized yet, so we do not have a property tax request yet. Further, the NRDs will not start on budget for FY 25-26 until June of 2025, so that data is not available. The total property tax request in FY 23-24 was \$88,849,541. This was obtained from the budget forms submitted to the state.

Below is the additional lost funding for all 23 NRDs from the survey data if their source of revenue is State Funds.

<u>FY 23-24</u>	<u>FY 24-25 Est</u>
State - \$21,828,635	- \$ 34,024,980
Federal - \$29,828,635	- \$ 82,024,980
Other - \$ 4,181,099	- \$ 5,576,948
Total - \$55,565,523	- \$122,275,012

Examples of Programs Funded (not total)

- Water Sustainability Funds
- NDEE Funds
- Nebraska Buffer Strip Program
- Natural Resources Water Quality Fund – Required 150% match
- Well abandonment cost share
- FEMA disaster dollars
- US Bureau of Reclamation
- USDA NRCS Programs
- US Corp of Engineer programs

**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>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

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

**2024**

**LB<sup>(1)</sup> 67**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Natural Resources

Prepared by: <sup>(3)</sup> Bob Robles Date Prepared: <sup>(4)</sup> 07/29/2024 Phone: <sup>(5)</sup> 402-741-1767

**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>0</u>	<u></u>	<u>92,088,451</u>	<u></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>
<b>TOTAL FUNDS</b>	<u><u>0</u></u>	<u><u></u></u>	<u><u>95,308,853</u></u>	<u><u></u></u>

**Explanation of Estimate:**

Political subdivision fiscal years fall between October 1– September 30. For the state fiscal year of FY 2026, political subdivisions will be their fiscal year 2025.

Total property taxes collected in Calendar Year 2024 for the Natural Resource Districts was \$88,900,000. Section 2 Subsection 2(a) of LB 67 allows for a 3.5% growth every year starting in FY 2026. Using Calendar Year 2024 as a base and using 3.5% growth for Calendar year 2025, the assumed amount needed in FY 2026 is \$92,011,500 of General Funds. This amount may be greater or less than the actual amount needed based off of property tax amounts.

The department will need to add one full time Accountant I employee to assist with the administration of the proposed legislation.

The amounts needed for the out years not shown on the top boxes using the 3.5% growth model are:

- FY 2027: \$95,231,902
- FY 2028: \$98,565,019
- FY 2029: \$102,014,794
- FY 2030: \$105,858,313

If the state does not meet the needs of the NRD's based off the growth model of 3.5%, the NRD may assess a property tax levy to cover the difference of the actual state funding and the total amount needed.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25 EXPENDITURES</u>	<u>2025-26 EXPENDITURES</u>
	<u>24-25</u>	<u>25-26</u>		
Accountant I (A19011)	<u>0</u>	<u>1</u>	<u></u>	<u>39,506</u>
Benefits.....	<u></u>	<u></u>	<u></u>	<u>34,445</u>
Operating.....	<u></u>	<u></u>	<u></u>	<u>3,000</u>
Travel.....	<u></u>	<u></u>	<u>0</u>	<u>0</u>
Capital outlay.....	<u></u>	<u></u>	<u>0</u>	<u>0</u>
Aid.....	<u></u>	<u></u>	<u>0</u>	<u>92,011,500</u>

Capital improvements.....

0

0

TOTAL.....

                    

92,088,451