

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(800,000)		(800,000)
CASH FUNDS	FY12-13 impact – see below			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	FY12-13 impact – see below	(800,000)		(800,000)

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

LB 185 would transfer \$40,000,000 from the Cash Reserve Fund to the Water Contingency Cash Fund no later than five days after the effective date of the act. The Department of Natural Resources would be directed to provide loans to Natural Resources Districts with integrated management plans that have entered into contracts to construct or implement streamflow enhancement projects. LB 185 would require that Natural Resources Districts reimburse the state no later than June 30, 2018, using the proceeds of the occupation tax authorized under 2-3226.05.

Because interest income earned on the Cash Reserve Fund is transferred to the General Fund, an \$800,000 General Fund revenue loss would occur annually, assuming a 2% return on investment.

Technical note: LB 185 does not directly amend the section of law creating the Water Contingency Cash Fund, which defines the use of the fund and details how fund may be distributed. As a result, there could be technical difficulties with the disbursement of the deposit authorized in LB 185. LB 185 also does not amend the existing section of law specifically detailing the repayment process and the transfer of repayments to the Cash Reserve Fund.

Assuming the disbursement of the fund, the General Fund revenue loss could be mitigated by natural resources district repayments, which would be deposited in the Water Contingency Cash Fund and transferred to the Cash Reserve Fund as established by the Legislature. LB 185 provides that the unobligated proceeds of the occupation tax be remitted to the department, but it is not possible at this time to estimate the level of the occupation tax that would be considered unobligated by natural resources districts and available for reimbursements.

Because LB 185 carries the emergency clause, it is estimated that the transfer out of the Cash Reserve Fund and the expenditure of funds out to the Natural Resources Districts could occur late in FY12-13. In order for the funds to be disbursed, a cash fund expenditure authority increase of \$40,000,000 for the Department of Natural Resources would be necessary.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 185	AM:	AGENCY/POLT. SUB:	
REVIEWED BY: Cindy Miserez		DATE: 1/30/2013	PHONE: 402-471-4174
COMMENTS: The fiscal impact of LB 185 is a \$40 million permanent reduction in the Cash Reserve Fund balance with no provision in the bill to reimburse the Cash Reserve Fund in the future. The permanent interest loss to the Cash Reserve Fund based on a 2.5% annual return on investment, assuming a March 31 effective date, is \$250,000 for FY2012-13 (April, May and June), and \$1,000,000 per year thereafter.			

# LB<sup>(1)</sup> 185 FISCAL NOTE

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

Natural Resources

Prepared by: Ron Theis  
<sup>(3)</sup>

Date Prepared: January 15,  
<sup>(4)</sup> 2013

Phone: 402 471 0577  
<sup>(5)</sup>

## ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS			0	0
CASH FUNDS	40,000,000	40,000,000	0	0
FEDERAL FUNDS			0	0
OTHER FUNDS			0	0
TOTAL FUNDS	40,000,000	40,000,000	0	0

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

The bill would transfer \$40 million from the Cash Reserve Fund to the Department of Natural Resources (DNR) Water Contingency Cash Fund (WCCF) created by LB 1094 in 2008. These new funds could be used only to extend loans to eligible natural resources districts or interlocal governmental organizations for "river enhancement" projects within a short time of enactment of the bill. Technically, accounting treatment would not result in disbursements being recognized as expenditures. However, since the loans are to be repaid over undefined terms (if unobligated proceeds of occupation taxes assessed by those districts as authorized by 2-3226.05 exist or other such means as provided by the Legislature) the outlay is shown above as an expenditure. No other means are provided so repayment may not ever occur. LB 185 does not provide for repayment of \$40 million to the state Cash Reserve Fund and will result in a loss of investment income to the state General Fund.

The minimal transaction activity expected in relation to WCCF loans and repayments would have no impact on agency operations.

## MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2013-14	2014-15
	13-14	14-15	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....			0	0

Capital improvements.....  
TOTAL.....

\_\_\_\_\_  
\_\_\_\_\_  
0

\_\_\_\_\_  
\_\_\_\_\_  
0