

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$200,000		\$175,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$200,000		\$175,000	

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

LB 650 is the Nebraska Geologic Storage of Carbon Dioxide Act.

Section 2 declares Legislative findings.

Section 3 provides definitions for the Act.

Section 5 grants authority to the Oil and Gas Conservation Commission (the Commission). This includes the authority:

1. To administer and enforce the Act and its objectives;
2. To regulate activities relating to a storage facility, including construction, operation and closure;
3. To enter a storage facility to inspect equipment and facilities, to observe, monitor, and investigate operations, and to inspect records;
4. To require that storage operators provide assurance, including bonds, that money is available to fulfill the storage operator's duties;
5. To exercise continuing jurisdiction over storage operators and facilities;
6. To dissolve or change the boundaries of any commission established oil or gas field or unit that is within or near a storage reservoir's boundaries; and,
7. To grand, for good cause, exceptions to the Act's requirements.

Section 7 addresses persons applying for a permit. Such persons shall comply with the application requirements set forth by the Commission and pay a fee set by rule and regulations based on the Commission's anticipated cost of processing the application. Such fees shall be deposited in the Carbon Dioxide Storage Facility Administrative Fund. In addition, fees shall cover the Commission's costs in publishing notices for hearings and holding hearings on permit applications. The Commission shall give priority to storage operators who intend to store carbon dioxide produced in Nebraska.

Section 10 stipulates conditions the Commission shall find prior to issuing a permit.

Section 16 requires storage operators to pay the commission a fee on each ton of carbon dioxide injected for storage. The fee shall be in an amount set by rules and regulations. The fee shall be based on the Commission's anticipated expenses in regulating storage facilities during their construction, operational, and preclosure phases. Any fees collected shall be credited to the Carbon Dioxide Storage Facility Administrative Fund. The Commission shall use the fund for defraying expenses in processing permit applications, regulating storage facilities during their construction, operational, and preclosure phases.

Section 17 requires operators to remit additional fees that shall be used for the long-term monitoring and management of facilities. These fees shall be deposited to the Carbon Dioxide Storage Facility Trust Fund.

The Commission estimates the need to hire 1.0 FTE Petroleum Engineer to administer the Act. In addition, operational costs and a vehicle for the new position are identified. There is no basis to disagree with the Commission's estimates.

LB 650 creates a funding source that allows the Act to become self-funding. However, the Commission identifies that the new source of revenue will not be available until the program is established and running. For that reason, the first two fiscal years of costs are identified as a General Fund cost. Beginning in fiscal year 2024, the costs to administer the program will revert to the Cash Funds collected for this purpose.

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2021

LB⁽¹⁾ 650

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Oil and Gas Conservation Commission (NOGCC)

Prepared by: ⁽³⁾ Stan Belieu Date Prepared: ⁽⁴⁾ 01/22/2021 Phone: ⁽⁵⁾ 308-254-6919

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$200,000	0	\$175,000	0
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

LB 650 provides for future sources of income to carry out the provisions of this bill. However, startup/bridge money would be required from our cash fund to fill a full time technical position. This FTE would develop necessary rules and review the applications as required by this bill.

NOGCC does not receive any general funds, we rely on an oil and gas conservation tax and a federal grant to fund our agency.

We would request that general fund monies be appropriated for two years in the amounts shown above. These bridge funds are necessary until the long term funding provisions of LB650 allow this program to become self-funded.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Staff Petroleum Engineer	1	1	\$150,000	\$150,000
Benefits.....			Include with salary	
Operating...includes, office, IT, software etc.....			\$20,000,	\$20,000
Travel and training.....			\$5,000	\$5,000
Capital outlay.....			\$25,000 vehicle	
Aid.....				
Capital improvements.....				
TOTAL.....			\$200,000	\$175,000