

5/10/06

### Questions for Fund Guidelines

1. Should there be a cap of some sort on the amount of funding that can be used for incentive plans as opposed to technical studies? If so, what should this cap be? How should proposed augmentation projects or re-reg projects be treated?
2. Should all NRDs be eligible for all types of funding or should eligibility for certain types of funds be limited to NRDs that are fully or overappropriated. For example, should eligibility for funds for incentive plans to retire acres be restricted to fully and or overappropriated basins?
3. What criteria, if any, should be established to rank applications?
4. Other?

5/10/06

## Synopsis of Integrated Surface Water/Ground Water Management Funds

### Statutory Authorities

#### Neb. Rev. Stat. 46-752 Interrelated Water Management Fund

- To conduct studies to determine the cause of conflicts between ground water users and surface water appropriators, disputes over interstate compacts etc.
- Both appropriated funds and gifts, fees, etc.
- For use by any state agency, board, commission or political subdivision of the state
- Established by LB 108

#### Neb. Rev. Stat. 46-753 Water Resources Trust Fund

- Created by LB 962
- Administered by DNR, which shall adopt and promulgate rules and regulations regarding allocation and expenditure of funds.
- Money in fund not subject to any fiscal-year limitation or laps provision of unexpended balance at the end of any fiscal year or biennium
- Fund used by DNR, NRDs or other political subdivision to
  - Determine whether basin fully appropriated
  - Develop on implement imp for fully or overappropriated basins
  - Develop plans in basins not yet fully or overappropriated
  - Attain compliance wither interstate compact, decree or agreement
  - ? ← ○ 20% local match required
- Can include cash or program funds

#### LB 1226 Interrelated Water Management Plan Program

- Grant program administered by the Natural Resources Commission and DNR upon recommendations by the Natural Resources Commission
- Commission develop guidelines and limitations for grant requests for funding
- Funds to facilitate and fund the duties of the NRDs
- 20% local match
- DNR expend funds only upon commissions approval

Fiscal note - "It is anticipated that administrative expenses for the program could be carried out by department staff, although there would be additional costs to the agency to process and evaluate grant proposals for presentation to the Commission and to monitor the use of grant awards by NRDs."

### DAS Funding Units Related to Integrated Management Planning and Implementation

310 - Water Resources Development Program

- \$ 5 million for CREP
- \$2.7 million for Republican surface water purchase (spent)
- 1.2 million for

- 3 new staff for DNR
- money to be used by DNR and NRDs <tech studies - e.g. COMST>  
↳ 800K for studies - not earmarked.  
EL model/studies for water part of staff.

Part of  
DNR  
budget  
Need to  
request  
annually.

311 - Interrelated Water Management Plan Program

- 2.5 million for NRDs

**Section 46-752*****Interrelated Water Management Fund; created; use; investment.***

The Interrelated Water Management Fund is created. The State Treasurer shall credit to the fund, for the purpose of conducting studies to determine the cause of current or potential conflicts between ground water users and surface water appropriators, disputes over interstate compacts or decrees, or difficulties fulfilling the provisions of other formal state contracts and agreements, such money as is specifically appropriated and such funds, fees, donations, gifts, or services or devises or bequests of real or personal property received by the Department of Natural Resources from any federal, state, public, or private source, to be used by the department for the purpose of funding studies as described in this section. The department may use its budget authority to request appropriations specifically for the purpose of funding studies described in this section. The department shall allocate money from the fund for use by the department, by any state agency, board, or commission, or by any political subdivision of the state, by agreement, or by private organizations or firms as may be contracted with by the department. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

**Section 46-753*****Water Resources Trust Fund; created; use; investment; matching funds required; when.***

(1) The Water Resources Trust Fund is created. The State Treasurer shall credit to the fund such money as is specifically appropriated thereto by the Legislature and such funds, fees, donations, gifts, or bequests received by the Department of Natural Resources from any federal, state, public, or private source for expenditure for the purposes described in the Nebraska Ground Water Management and Protection Act. Money in the fund shall not be subject to any fiscal-year limitation or lapse provision of unexpended balance at the end of any fiscal year or biennium. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(2) The fund shall be administered by the department. The department shall adopt and promulgate rules and regulations regarding the allocation and expenditure of money from the fund.

(3) Money in the fund may be expended by the department for costs incurred by the department, by natural resources districts, or by other political subdivisions in (a) determining whether river basins, subbasins, or reaches are fully appropriated in accordance with section 46-713, (b) developing or implementing integrated management plans for such fully appropriated river basins, subbasins, or reaches or for river basins, subbasins, or reaches designated as overappropriated in accordance with section 46-713, (c) developing or implementing integrated management plans in river basins, subbasins, or reaches which have not yet become either fully appropriated or overappropriated, or (d) attaining state compliance with an interstate water compact or decree or other formal state contract or agreement.

(4) Except for funds paid to a political subdivision for forgoing or reducing its own water use or for implementing projects or programs intended to aid the state in complying with an interstate water compact or decree or other formal state contract or agreement, a political subdivision that receives funds from the fund shall provide, or cause to be provided, matching funds in an amount at least equal to twenty percent of the amount received from the fund by that natural resources district or political subdivision. The department shall monitor programs and activities funded by the fund to ensure that the required match is being provided.

**Source:**

Laws 2004, LB 962, § 93

Sec. 20. The Interrelated Water Management Plan Program  
5 is created for the purpose of facilitating and funding the duties  
6 of districts arising under the Nebraska Ground Water Management  
7 and Protection Act. The program shall function as a grant program  
8 administered by the Nebraska Natural Resources Commission and  
9 the Department of Natural Resources upon recommendations of the  
10 commission using funds appropriated for the program. The commission  
11 shall develop guidelines and limitations for grant requests for  
12 funding such district's duties, including studies required to carry  
13 out those duties. Grant requests shall be made to the commission  
14 for review in a manner and form prescribed by the commission. The  
15 amounts requested and approved shall be supported by a minimum  
16 local revenue match comprising twenty percent of the total project  
17 cost. The Director of Natural Resources shall expend funds to  
18 implement the commission's recommendations for fiscal support under  
19 the program only upon the commission's approval.

PREPARED BY: Jeanne Glenn  
DATE PREPARED: April 02, 2004  
PHONE: 471-0056

LB 962

Revision: 02

Revised to reflect amendments adopted.

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

## ESTIMATE OF FISCAL IMPACT - STATE AGENCIES \*

	FY 2004-05		FY 2005-06	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	1,500,000	1,500,000	See below	
CASH FUNDS	1,000,000	1,000,000	See below	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	2,500,000	2,500,000	See below	See below

\*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

Amendments adopted would provide the following funding mechanisms for the Department of Natural Resources to carry out the provisions of LB 962 in FY2004-05:

- Statutes governing the Nebraska Environmental Trust Fund would be amended to allow for a transfer to the Water Resources Trust Fund and the State Treasurer would be directed to transfer \$1,000,000 from the Environmental Trust Fund to the Water Resources Trust Fund on July 1, 2004. A total of \$1,000,000 Cash Funds would be appropriated to the Department of Natural Resources in FY2004-05.
- Current law allows for transfers from the Petroleum Release Remedial Action Cash Fund in the Department of Environmental Quality to the General Fund. The State Treasurer would be directed to transfer \$1,500,000 from the Petroleum Release Remedial Action Cash Fund to the General Fund on July 1, 2004. A total of \$1,500,000 General Funds would be appropriated to the Department of Natural Resources in FY2004-05.

Amendments adopted to LB 962 do not consider funding mechanisms for the Water Policy Task Force in FY2005-06 and beyond. It is estimated that costs related to LB 962 could total \$2,500,000 to \$4,700,000 in FY2005-06. Costs would come from the General Fund unless a source of cash fund revenue is created in future legislation.

LB 962 as amended also extends the final date that applications for reimbursement from the Petroleum Release Remedial Action Cash Fund may be accepted. Current law sets the closing date at June 30, 2005; LB 962 would amend the closing date to June 30, 2009. LB 962 also provides that beginning July 1, 2009, owners of new underground storage tanks at sites where tanks have not been previously located shall be fully insured through private insurance. Extending the application date will not have a near-term impact upon the program, but would extend the time period that claims could be made for reimbursement from the fund. Similarly, the self-insurance requirement will not have a near-term impact but will serve to limit the scope of the program beginning in FY2009-2010.

PREPARED BY: Jeanne Glenn  
 DATE PREPARED: March 29, 2006  
 PHONE: 471-0056

LB 1226

Revision: 01

# FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised based on amendments adopted.

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES *				
	FY 2006-07		FY 2007-08	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	5,000,000		5,000,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	5,000,000		5,000,000	

\*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 1226 as amended would have the following fiscal impact:

**Natural Resources District levy limits** -- Natural resources districts (NRDs) located in river basins or subbasins that have been determined to be fully appropriated or overappropriated would be given the authority to levy an additional tax equal to the amount needed to administer and implement activities required by the Nebraska Ground Water Management and Protection Act. The NRDs meeting the designation contained in LB 1226 could level an additional tax not to exceed 3 cents on each \$100,000 of taxable property within the district. The fiscal impact to NRDs will depend upon the fully appropriated or overappropriated status of each NRD and subsequent board actions to levy an additional tax. There would be no direct impact to state agencies, except that requests for additional funding made to the Department of Natural Resources from NRDs may be decreased to some extent if NRDs in fully appropriated or overappropriated basins gain additional revenue as the result of increased taxation authority.

**Storm Water Management Plan Program** -- LB 1226 would establish the Storm Water Management Plan Program in the Department of Environmental Quality (DEQ). The program would exist as a grant program administered by DEQ and would provide funding to cities that have a plan in place for meeting the requirements of the National Pollutant Discharge Elimination System (NPDES) permit. There is no basis to disagree with the DEQ estimate of \$82,146 in General Fund expenses to administer the program. The size of the grant program is not specified in LB 1226, but based upon the nature and projected cost of NPDES projects, a grant program of \$2,500,000 is anticipated. It is estimated that costs would come from the General Fund. Costs to cities to meet the requirements of the NPDES permit program would also be significant; the total amount of local funds dedicated to such a program will depend upon the level of state aid provided as a result of LB 1226.

**Interrelated Water Management Plan Program** -- LB 1226 would establish the Interrelated Water Management Plan Program in the Department of Natural Resources. The program would function as a grant program administered by the Department under the direction of the Natural Resources Commission. Grants would be used to facilitate and fund the duties of NRDs under the Nebraska Ground Water Management and Protection Act. The amount of funding devoted to this program would depend upon legislative appropriation decisions, but a grant program of \$2,500,000 General Funds per year is anticipated. It is anticipated that administrative expenses for the program could be carried out by department staff, although there would be additional costs to the agency to process and evaluate grant proposals for presentation to the Commission and to monitor the use of grant awards by NRDs. NRDs would receive additional funding through this program; the impact will vary by NRD grant awards.

**Water use regulation and Water Policy Task Force** -- LB 1226 would also revise various sections of law relating to the duties of the Department of Natural Resources and the Water Policy Task Force. It is estimated that there would not be a significant fiscal impact to the Department.

**Weed control** -- LB 1226 would amend sections of law relating to weed control authorities. It is estimated that there would be no fiscal impact to the Department of Agriculture. It is estimated that any impact to local weed control authorities would be minimal.

5/10

Gene Gluck

WPTF - Funding

- |                |                |
|----------------|----------------|
| Tom Schwabe    | Ron Bishop     |
| Dave Simels    | Dan Smith      |
| Don Kraus      | John Turnbull  |
| Jay Reuge      | AJB            |
| Dave Cookson   | Michele Cleets |
| Ch. Johannes   | ADP            |
| Garry Anderson | Steve Grand    |
| Dean Edson     | Brian Buel     |
| Gene Gluck     | Jim Connors    |
|                | Tim Anderson   |

AB- H.O.-

Doesn't incl. R+D Funds

1) 46-752 - IWMF ~~Q~~ Funded over 168K for RR model. & Funds in it.

2) 46-753 - 962 WPTF - intent of cash + program funds.

↓  
Can include \$ from outside.

Set up as cash fund to receive ET \$.

Program fund not set up for this.

EQIP (RIM) was in fund.

WPTF funding also can from trust.

never got direct approp. for fund.

3) LB 1226 (IWMPP)

\$2.5 m.

4) DAS Funding mechanism.

A) WPTF now part of 310 - Water Resources Dev. Program

B) 311 - new identifier for IWMPP

THINK: Add to the program a cash fund?

(if don't expect til NRD opens -

no problem. if get up front + return unused - need cash fund).

⊕ Don't need legis. to set up cash fund.



Q → 46-751 - Orig. GWM Fund.

Gene - What do we have to try to get in future?  
1.2 was for deficits

MCI - 311 For FA + O-A?

AB - NOT specified

RB - ROR?

AB - Just Guidelines.

Dean E -

if Program - can get fees + funds.

Program A goes to Council - what is under Dept. Then Council goes grate.

if PUNDS - → Approps. + Fiscal office want \$ to  
↓  
\$ runs directly to DNR } go to Program, so can get other \$'s - need oversight council/comm'n to do this.

⇒ More formal steps.

DK - "detritus" broad enuf to cover "incentives"?

JR - most discussion focused on research, but acres, setting - little discussion of incentives + Schrod said - "NOT INTENDED".

CGC - 2 ways to kill it's  
1) use for incentives  
2) Restrict to O-A + Capred WRDS.

Dave Sarks - understand regulation?

We should say we want incentives & make  
then say they want to regulate.

GB - incentives not popular

PS - need massive education effort.

AB - WRTP?

DE - they say = @ req. of legis. Fisc. Office  
to do the structure.

AB - Then don't keep WRTP.

DE - Can't do here

AB - Have not 1 fund - but NRPS get \$  
DNR gets \$.

DE - w/ structure, can go back + get \$ from legis.

DK - Clarify purpose too.

J. Turnbull - understand if legis. doesn't want incentives -  
but NRPS can do incentive program. May  
not be able to do in budget - but can do  
if raise \$.

	<u>Asked</u>	<u>Got</u>
<u>JR</u>	1 1/2 m DNR	got 1.2
	Assist <u>2 m</u> NRPS	} got 2.5 m
	2 m Assit./Studies	
	NRD levy auth.	
		3¢ / 1 yr.
		2¢ / 2 yr. auth.

Gov  
Pilot project \$ KR - 2.7m (?)  
P12He - 0.

part of  
explaner referenced  
2.5?

if have pilot program  
over 4/ward.

"Explore dedicated funding" - No definitive.

Incentive idea was explosive. Negative connotations.  
Need to be creative.

DS - Don't write out incentive programs from

JR - make case to keep it.

DS - Why make case to pay SW users + not Gov?

AB - Are doing both.

DC - "Buying water".

CJ - Need to set up so can spend.

meet statute but not intent = risk?

PE - Some fees. But stay as close to statute as can.

### Questions for Funding Guidelines

1) Should there be a cap on funding vs. tech.?

- Restrict to tech. in 1st 2 yrs. -

RB - But NOT limited to guidelines.

DS - Technical = too strict - "duties".

AB - "Augmentation" "retaining".

Should we say certain % + no  
more??

↑  
D. Smith  
Singer  
res  
max  
per  
dist

AB - need to specify % of funds?

DS - by Bd. position = may only be dist. shall  
get - e.g. 15-20% of funds.  
- Also - see consid. re. whether P/A or O-A  
or not designated.

[Priority or % of \$ for O-A / F-A.]

See map's apply to both.

So many programs - hard to say as over  
another.

Garry A. - We're looked @ every yr. in Elkhorn Basin  
Takes just as much \$ / people just as tough.

DS - Re. new design's - shouldn't be difference in  
NWD activities -

mc - Was left broad. We need \$, but from  
admin. standpoint - don't see need. We  
need for natives.

DS - Would use a better water control.

DE - List dates?

DS - 46-707.

App should catch 7 those 7 things.  
Prioritize - but don't eliminate.

CJ - Learn more re: your district to avoid being FIA.

GA - Not here to write R&R.

They have expressed opinions.

Incentives if minimal part - but if gov  
to judge - need specificity.

AB - Summary -

1) Concern re: primarily fed. incentives, as  
opposed to incentives - but not to  
any call do incentives.

2) Open to all NRDS - potentially  
prioritizing NRDS of FIA or O-A.

GA - No - FIA - need studies.

Free up our budgets for incentives?

AB - Goal = something to put on agenda for  
heads up in way hty.

[ DSA + cl + Gassy - something for 7/10  
Community.

JR: Greater weight if 2-3 NRDS was together a  
partner w/ NPPD or UNL? Give higher  
weight if leveraging.

AB - People not an NRD Bl. but involved in  
Imp process - emphasis on collaboration gives

AB- DNR needs to work w/ NRPS collaboratively.  
2 cultures need to meet to be united efforts.

DS- 2 funds for modeling now - use those.

⊗ DE will work w/ AB + Dept. for skeleton for TF - in May

\$400 K for new staff members.

1 = modeler

1 = Permit well registrars

1 = Sr. Hydrologist - could be modeler. → Big Picture Person

RB- <sup>DS</sup> State Hydrologist = gone position

Assistant Director = still 2 position.

Modeling needs across state - just we need modeler  
seems short... Fill Assistant Director w/ oversight  
person ...)

CJ- Emph for draft guidelines.

WPTF act too?

GG - They need to know what we're doing.

idea were involved in process.

1) Pulls more people in.

2) Looks less like NRP - only program.

DS - maybe major need in dist. is something it has to do on own.

CJ - DEQ Guidelines helpful - get?

DE - Contact Tom Larberson @ DEQ.

Soil + water Program

MC - Critical re: type of limit or cap. What is max?

DS - DNR s/B doing study - NOT Elkhorning

AB - Don't need study to use Jenkins.  
Not best. If use 8 for model 1) better job of determ. 2) Similar to COMYST + can be built on.

DS - Nor dist. duty to see if F/A - Dept. duty.

GA - We want to see where we are.

DE - Includes studies. reg'd.

DS - Not reg'd.

DE - Floor debate. Categories -



GA - Refine / Define future need ??

AB -

386 K new acres since '97 in COH95T  
area

386,254

Breakdown...

New acres from above Platte down to Republican  
need to offset those acres.

GA - Need to discuss processes to raise \$  
in the future.

Politics - difficult to pursue dedicated source  
of funding.

BS - Petition route.

Doris Duke Foundation is environmentally  
inclined. Funding source for state  
watch. Need state watch.

NE = one of the priority states.  
Conservation groups will pursue with  
or without us.

Petition drive - study - but POLL FIRST.

TPL - Trust Public Land

GA - Can't start of petition drive unless better sense  
of public.

ML - Poll cost?

DS - 20-25 K.

RB - Don't Duke funds. wait?

DS - Can pursue.

JR - If groups approach the - would they  
expand survey?

More an issue to pursue outside of WPTF.  
If within people want - do outside.

Depend on results - bring back to TF.

DS - If dedicated fund...  
not TF position?

JR - Straying off path.

DS - One bad + reiterates position.

DL - TF Change = recommendations & legis. res.  
5 items cited & including method of funding.  
Polling = advocating position. Could argue for  
scope. Fear of people oppose, will  
arg. inaccurately state is improving will -  
& should have convinced legis. instead.

DS - not on TF agenda - want a private poll.  
Doesn't see people can't throw \$ in for  
conserv. group to wide poll.

DL - TF can't initiate initiative.

AB - chance for dedicated funding? - that's where  
poll comes in. State has \$ for it, if  
others do - find. If chance for dedicated  
funding - could recover.

DS - Will pursue sty. to strategize together.

GG - if goes 4/ward - 2 yrs. \$14 M.

DS - more like 3.

GG - Some battles do had this yr.

Need to discuss & do better job @  
"What will \$ be used for?" Not enough  
to say "water right."

Want to maintain \$2.5m - can  
demonstrate use to good effect.

Tom S. - Political situation

AB - 1) Need to start.

2) Need to deal w/ v CU in O-A + RR.

Key = figure out how to do. Critical  
to get \$ to help producers adapt in interim.

Need funding to help get thru so don't devastate folks.

1) What can we say - to convince city folks they need to help?

Will get us to end - but will start.

Q = how to move forward.

TS - DS needs to write letter to his people re: how bill regulates.

DS - Don't need it if regulates.

AB - maybe have to end up regulating some or all. Need to figure out ~~what~~ funding for incentive & how to put in laws.

GG - Option = vegetative control.

AB - Options being explored. NRCS grant by Thorburn. Need study - don't know answers yet. On RR if possible - EXPAND. Need control will get all problem solved.

DS - TF need education committee? Educ. NE? re: water choices?

GG - Explain re: incentives. People don't understand.

DS - Education opportunity.

AB - TF to assist @ new legislators schedule?

NO

⊗ AB will see if can get a program.

JR - Wait be able to get involved. Better to do as separate thing.

DC - Up to indiv members of TF. Don't have authority.

DS - Education beyond?

DC - Yes.

DS - If can't get it funded - we know what we have to do - better die in Coast Compliance.

GG - If no auth to educate - recommendation?

DS - Dedicated source.

JR - Explain what happened in legis. Go back & see recommendation & ask for guidance.

BB - Peer together justifying for studies. (to maintain absence funding).

2nd level = based on feedback - not a whole lot of options i.d.'d get.

JR - legis. recognizing steps need to be taken.

Other than incentives - all were giving the latitude on to 5m. B/c talked about specific studies.

"Reduce CII - Pilot Project - Rough Price Tag!"

Fear is well treat legis like cash machine, need to say what spending \$ on.

AB - Correct. Discussing w/ UNL great res  
"How to reduce Cll in O-A area?"

→ We have to chg way do bus. in O-A areas.  
Transition process needs to occur. Help  
people adjust.

DS - Test feasible for Dept. to develop alternatives?

DL - DNR - NRD job: thru imp.

BB - Take to Platte - lay plans out.

AB - Can do test. study. Q = are there other  
things to do to help people thru transition  
Broader Q. need to start thinking about.

GG - Ultimately - UNIV. needs to provide.

Reiterate message; 1) need to reduce water-  
gills regulate w/ insect. 2) Alternatives  
to save water.

AB - Educate?

DL - Coordinate w/ NRAs + whoever.

J.R. Fruitful to get more details?

They need more near re: where \$s to go.

DS - Educate TF?

Not sure TF would agree w/ re.

DSas - need to fill in blanks or check B/4 they'd give.

DSub - Scenarios.

AB - TF Agenda.

\* 1 iter = review of legs. - 1226 / 508 / Review of  
JK to do Funding.

\* 1 iter = Subcom. Regs. - GG to do -  
reflect discussion.

TS - cly have solution - \$?

JR - \$3m / yr

TS - wasting time. cl that 12m is low.

Dsmith - agree.

DSas will arrange mtg. re: initiative idea  
outside of TF