

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 638

Introduced by Ibach, 44.

Read first time January 22, 2025

Committee:

- 1 A BILL FOR AN ACT relating to the Nitrogen Reduction Incentive Act; to
- 2 amend sections 2-414, 2-416, and 2-417, Revised Statutes Cumulative
- 3 Supplement, 2024; to eliminate provisions relating to incentive
- 4 payments and legislative intent; to change provisions of the
- 5 Nitrogen Reduction Incentive Cash Fund; to change a termination
- 6 date; to repeal the original sections; and to declare an emergency.
- 7 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** Section 2-414, Revised Statutes Cumulative Supplement,
2 2024, is amended to read:

3 2-414 (1) The nitrogen reduction incentive program is created and
4 shall be administered by the Department of Natural Resources. The
5 department may collaborate with natural resources districts to administer
6 the program.

7 (2) The purposes of the program are to:

8 (a) Provide incentive payments to farmers; and

9 (b) Encourage farmers to (i) reduce the use of commercial fertilizer
10 and (ii) incorporate innovative technology into farming practices,
11 including the proper use of biological nitrogen products.

12 (3) The program shall provide an annual per-acre incentive for any
13 farmer who verifies through documentation that commercial fertilizer
14 rates were reduced by the lesser of forty pounds per acre for nitrogen or
15 fifteen percent by incorporating a qualifying product in the farmer's
16 nutrient plans.

17 (4) A commercial fertilizer rate reduction from historic baseline
18 use shall be completed to qualify for the program.

19 (5) The department shall review the required commercial fertilizer
20 rate of reduction for the program on a biennial basis to determine if
21 higher reduction targets are necessary.

22 (6) The department shall:

23 (a) Collaborate with natural resources districts to add any new
24 technology to the program as it becomes available. Such technology shall
25 replace nitrogen fertilizer use and maintain farm productivity;

26 (b) Identify geographically beneficial target areas while keeping
27 the program open to all farmers in the state;

28 (c) Consult with farmers and commercial entities in the agriculture
29 industry to determine a per-acre payment rate tied to the commercial
30 fertilizer rate reduction but not less than ten dollars per acre; and

31 (d) Review the per-acre payment rate based on inflation or emerging

1 technology in subsequent years.

2 ~~(7)(a) The department shall not award an amount of incentive~~
3 ~~payments in total per year under the nitrogen reduction incentive program~~
4 ~~that is greater than the lesser of:~~

5 ~~(i) Five million dollars; or~~

6 ~~(ii) The amount appropriated for such purpose by the Legislature.~~

7 ~~(b) It is the intent of the Legislature that any appropriation from~~
8 ~~the General Fund to carry out the Nitrogen Reduction Incentive Act be~~
9 ~~used only for operating expenses.~~

10 **Sec. 2.** Section 2-416, Revised Statutes Cumulative Supplement, 2024,
11 is amended to read:

12 2-416 (1) The Nitrogen Reduction Incentive Cash Fund is created and
13 shall be administered by the Department of Natural Resources for purposes
14 of the Nitrogen Reduction Incentive Act. The Nitrogen Reduction Incentive
15 Cash Fund may consist of transfers as directed by the Legislature and
16 gifts, grants, bequests, and money from any public or private source.

17 (2)(a) Prior to the application deadline for fiscal year 2025-26,
18 the Department of Natural Resources shall apply for a grant of twenty-
19 five million dollars from the Nebraska Environmental Trust Fund, to be
20 paid out in five annual installments of five million dollars. The
21 purposes listed in the grant application shall be consistent with the
22 uses of the Nitrogen Reduction Incentive Cash Fund.

23 (b) If the application is granted, funds received from such grant
24 shall be remitted to the State Treasurer for credit to the Nitrogen
25 Reduction Incentive Cash Fund for the purpose of supporting the projects
26 set forth in the grant application.

27 (3) The Department of Natural Resources shall establish a subaccount
28 within the Nitrogen Reduction Incentive Cash Fund for the accounting of
29 all money received as a grant from the Nebraska Environmental Trust Fund
30 as the result of an application made pursuant to subsection (2) of this
31 section. At the end of each calendar month, the Department of Natural

1 Resources shall calculate the amount of interest earnings accruing to the
2 subaccount and shall notify the State Treasurer who shall then transfer a
3 like amount from the Nitrogen Reduction Incentive Cash Fund to the
4 Nebraska Environmental Trust Fund.

5 ~~(4)~~ (2) The Department of Natural Resources may apply for all grants
6 from state, federal, and private sources that are applicable to the
7 purposes of the Nitrogen Reduction Incentive Act.

8 ~~(5)~~ (3) Any such grant applied for by the Department of Natural
9 Resources that is awarded to the Department of Natural Resources or the
10 State of Nebraska shall be credited to the Nitrogen Reduction Incentive
11 Cash Fund.

12 ~~(6)~~ (4) Any money in the fund available for investment shall be
13 invested by the state investment officer pursuant to the Nebraska Capital
14 Expansion Act and the Nebraska State Funds Investment Act.

15 **Sec. 3.** Section 2-417, Revised Statutes Cumulative Supplement, 2024,
16 is amended to read:

17 2-417 The Nitrogen Reduction Incentive Act terminates on December
18 31, ~~2030~~ 2029.

19 **Sec. 4.** Original sections 2-414, 2-416, and 2-417, Revised Statutes
20 Cumulative Supplement, 2024, are repealed.

21 **Sec. 5.** Since an emergency exists, this act takes effect when
22 passed and approved according to law.