

PREPARED BY: Jeanne Glenn
 DATE PREPARED: February 11, 2002
 PHONE: 471-0056

LB 1245

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 2002-03		FY 2003-04	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	1,000,000		1,000,000	
CASH FUNDS		2,933,000		3,609,441
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	1,000,000	2,933,000	1,000,000	3,609,441

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

LB 1245 would amend sections of law regarding ethanol production credits and the ethanol excise tax. The fiscal impact of LB 1245 includes the following:

Production deadline – LB 1245 would change the date that new ethanol plants must be in production in order to receive ethanol credits. Current law requires that plants be in production by June 30, 2004; LB 1245 would change the date to January 1, 2004. The revised deadline would not apply to facilities that have signed agreements with the Department of Revenue.

Agreements with the Department of Revenue and reporting deadlines – LB 1245 would terminate the requirement that ethanol producers enter into agreements. The joint report filed by the Department of Revenue and the Ethanol Board would be due on or before November 1 of each year under LB 1245. Currently, the deadline for the annual report is December 1.

Excise tax – The excise tax on corn and grain sorghum would be increased to 3/4 cent per bushel/hundredweight from October 1, 2002 through October 2, 2009. It is estimated that the additional revenue resulting from the excise tax increase would total approximately \$2,600,000 annually. Because of the October 1, 2002 effective date, it is estimated that the FY 2002-03 impact would be a \$1,933,000 increase. All revenue would be deposited in the Ethanol Production Incentive Cash Fund (EPIC).

General Fund transfer – LB 1245 would increase the General Fund transfer to EPIC by \$1,000,000 per year from FY2002-03 through FY2007-08. Currently, \$1,500,000 is transferred annually; LB 1245 would increase that amount to \$2,500,000.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Joe Wilcox	DATE	2/8/02	PHONE	471-2526
COMMENTS					
DEPARTMENT OF AGRICULTURE: Concur with agency analysis and using figures derived from rate difference using the Nebraska Three-Year Average Promotion Program Collection, which provide numbers listed above for FY '03 and FY '04. Using actual FY 2001 collections yields slightly lower figures, but average (3 year) is reasonable.					