Doug Gibbs February 17, 2011 471-0051

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

	ESTIMATE OF FIS	SCAL IMPACT – STAT	E AGENCIES *		
	FY 2011-12		FY 2012-13		
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE	
GENERAL FUNDS		(\$2,322,000)		(\$4,704,000)	
CASH FUNDS		\$2,500		\$2,500	
FEDERAL FUNDS					
OTHER FUNDS					
TOTAL FUNDS		(\$2,319,500)		(\$4,701,500)	

^{*}Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 362 amends the Nebraska Advantage Act to add a new Tier to the Act.

The bill creates Tier 7, which provides incentives for those companies engaged in the generation of electricity by renewable energy sources. Those sources are defined as wind, solar, geothermal, hydroelectric, and biomass energy.

The bill does not specify the levels of investment or employment that will be required of a Tier 7 project.

The application fee for a Tier 7 project is \$2,500, the attainment period is four years, and the entitlement period is seven years. The application fee is credited to the Nebraska Incentives Cash Fund.

The benefits for a Tier 7 project are the refund of sales and use taxes paid.

The Department of Revenue indicates the following fiscal impact of LB 362 to the General Fund:

FY2011-12: (\$2,322,000) FY2012-13: (\$4,704,000) FY2013-14: (\$4,761,000) FY2014-15: (\$7,246,000)

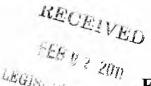
The above impact is based on the assumption that the investment and employment levels will ensure that projects which are on the scale of one 80-megawatt facility will qualify. The figures also assume that one project will be built each fiscal year and one and a half in the final fiscal year. After this period, LB 362 is expected to cost the General Fund approximately \$10 million per year. No new applications can be accepted after the end of 2018.

Given the assumptions used, there is no basis to disagree with the Department of Revenue's estimate of fiscal impact.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE 2/22/11	PHONE 471-2526					
COMMENTS								
DEPT OF REVENUE – No basis upon which to disagree with the Department's analysis.								





Fiscal Note

2011

		State Agency	Estimate	1000	4		
State Agency Name: Department	of Revenue				Date Due LFA:	1/25/2011	
Approved by: Douglas Ewald		Date Prepared:	1/26/2011		Phone: 471-5700		
	FY 201	FY 2011-2012		FY 2012-2013		FY 2013-2014	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	!	(\$2,322,000)		(\$4,704,000)		(\$4,761,000)	
Cash Funds		\$2,500		\$2,500		\$2,500	
Federal Funds							
Other Funds							
Total Funds		(\$2,319,500)		(\$4,701,500)		(\$4,758,500)	

LB 362 adds Tier 7 for generation of electricity by renewable energy, which includes wind, hydroelectric, biomass, solar, and geothermal sources. The bill does not yet specify the amounts of investment and employment that are required to receive the benefits. The only benefit is a direct refund on qualified investment. The attainment is up to four years, and the entitlement period is seven years.

The figures below reflect an assumption that the investment and employment levels will ensure that projects which are the scale of one eighty-megawatt facility will qualify. The figures also assume that one project will be built each fiscal year and one and a half in the final fiscal year.

LB 362 is expected to impact the General Fund by the following amounts:

FY 2011-12: (\$2,322,000) FY 2012-13: (\$4,704,000) FY 2013-14: (\$4,761,000) FY 2014-15: (\$7,246,000)

After this period, LB 362 is expected to cost the General Fund approximately \$10 million per year. No new applications can be accepted after the end of 2018.

Each project is required to pay a \$2,500 application fee to be credited to the Nebraska Incentives Cash Fund. Departmental cost to implement the bill is expected to be minimal.

	Maj	or Objects of E	Expendit	ure			
Class Code	Classification Title	11-12 <u>FTE</u>	12-13 FTE	13-14 FTE	11-12 Expenditures	12-13 Expenditures	13-14 Expenditures
Benefits							
Operating Costs							
Travel							·
Capital Outlay							

otal							