John Wiemer February 27, 2023 402-471-0051

## LB 180

## Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2023	-24	FY 20	24-25		
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS	\$4,847	(\$1,041,000)		(\$2,185,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS	\$4,847	(\$1,041,000)		(\$2,185,000)		

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

LB 180 seeks to establish the Nebraska Biodiesel Tax Credit Act (Act). A taxpayer who is a retail dealer and who sold and dispensed biodiesel on a retail basis during the prior calendar year through a motor fuel pump located at the taxpayer's retail motor fuel site would be eligible to receive tax credits under the Act. The refundable tax credit would be in an amount equal to \$0.14 multiplied by the total number of gallons of biodiesel sold by the taxpayer on a retail basis during the prior calendar year through a motor fuel pump located at the taxpayer's retail motor fuel pump located at the taxpayer's retail motor fuel site. The tax credit could be used against any income tax imposed by the Nebraska Revenue Act of 1967 or any tax imposed pursuant to sections 77-907 to 77-918 or 77-3801 to 77-3807.

The tax credits under this Act could be claimed for taxable years beginning or deemed to begin on or after January 1, 2024. To receive the tax credits, the taxpayer would need to submit an application to the Department of Revenue (DOR). The DOR could approve up to \$5 million in tax credits in any calendar year. No new applications could be filed under the Act after December 31, 2028.

The DOR estimates the following reduction in General Fund revenues from this bill:

- FY 23-24: \$1,041,000
- FY 24-25: \$2,185,000
- FY 25-26: \$2,294,000

DOR also estimates a one-time cost of \$4,847 to modify the MeF system as a result of this bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE				
LB: 180 AM: AGENCY/POLT. SUB: Department of Revenue			ent of Revenue	
REVIEWED B	3Y: Neil Sullivan	DATE: 2/24/2023	PHONE: (402) 471-4179	
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 180 appears reasonable.				

## LB 0180

## Fiscal Note 2023

State Agency Name: Department of		Date Due LFO:				
Approved by: Glen White		Date Prepared:	02/24/2023 Phone: 471-5896			
	FY 2023	-2024	<u>FY 2024-2025</u>		<u>FY 2025-2026</u>	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$4,847	(\$1,041,000)		(\$2,185,000)		(\$2,294,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$4,847	(\$1,041,000)		(\$2,185,000)		(\$2,294,000)

LB 180 establishes the Nebraska Biodiesel Tax Credit Act (Act). The Act provides that taxpayers who are retail dealers and who sold and dispensed biodiesel on a retail basis during the prior calendar year through a motor fuel pump located at the taxpayer's retail motor fuel site are eligible to receive tax credits under the Act.

The tax credit equals 14 cents multiplied by the total number of gallons of biodiesel sold by the taxpayer on a retail basis during the prior calendar year through a motor fuel pump located at the taxpayer's retail motor fuel site. The tax credit is refundable and may be used against any income tax imposed by the Nebraska Revenue Act of 1967 or any tax imposed pursuant to sections 77-907 to 77-918 or 77-3801 to 77-3807.

The credit may be claimed for taxable years beginning or deemed to begin on or after January 1, 2024. Taxpayers must submit applications for the tax credit, on a form prescribed by the Department of Revenue (DOR), from January 1 to April 15 of each calendar year.

No new applications will be filed under the Act after December 31, 2028. All applications and credits pending or approved before that date will continue in full force and effect.

The annual credit limit will not exceed \$5 million. If the total amount of tax credits requested in any calendar year exceeds the limit, DOR shall allocate the tax credits proportionally based up amounts requested. DOR must consider applications in the order in which they are received, up to the annual credit limit. If DOR determines that an application is complete and the taxpayer is qualified for credits, DOR must approve the application and certify the credits, up to the limit established by the act.

Using data from the U.S. Department of Energy, DOR estimates that LB 180 will have the following reduction in General Fund revenue:

FY 2023-24	\$ 1,041,000
FY 2024-25	\$ 2,185,000
FY 2025-26	\$ 2,294,000

Major Objects of Expenditure								
Class Code	Classification Title	23-24 <u>FTE</u>	24-25 <u>FTE</u>	25-26 <u>FTE</u>	23-24 <u>Expenditures</u>	24-25 <u>Expenditures</u>	25-26 Expenditures	
Benefits								
Operating Costs					\$4,847			
Travel								
Capital Outlay								
Capital Improvements								
rotal				\$4.847				

DOR estimates that there will be one-time costs of \$4,847 to modify the Business MeF.

LB 180 will become operative three months after adjournment.