

# FISCAL NOTE

## LEGISLATIVE FISCAL ANALYST ESTIMATE

### ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$54,200		\$50,800	
CASH FUNDS	See Below	See Below	See Below	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See Below	See Below	See Below	See Below

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

LB 503 provides that each county in this state shall have the option to become an American energy friendly county in exchange for additional local tax revenue from the owners of privately developed renewable energy generation facilities.

A county board that determines to pursue designation as an American energy friendly county shall, by resolution, state the county's intention to either:

- Apply to the Department of Revenue (DOR) for an American energy friendly county designation; or
- Submit the question of whether to apply for an American energy friendly county designation to a vote of the registered voters of the county, requiring a majority of voters voting in favor on the question.

The county board shall delegate authority for the county zoning administrator or other authorized individual to apply on the county's behalf for an American energy friendly county designation. The county zoning administrator or other authorized individual shall then apply to the DOR on a form prescribed by the DOR. If the county meets the requirements, the DOR shall, within 30 days after receiving the application, designate the county as an American energy friendly county and inform the county board of such designation by written notice.

The DOR shall maintain a current and accurate list on its website of:

- The counties that have applied for an American energy friendly county designation;
- The counties that have received an American energy friendly county designation; and
- The total nameplate capacity tax levied under subsection (8) of section 1 of this bill.

If after designation as an American energy friendly county a county no longer meets the requirements, such county shall lose its American energy friendly county designation if it does not cure the noncompliance within 30 days after receipt of written notice from the DOR.

The bill specifies the compliance necessary regarding a county's regulations, including its zoning regulation in order to qualify for an American energy friendly county designation.

Subsection (8) of section 1 of this bill adds that the owner of a privately developed renewable energy generation facility that commences commercial operation in an American energy friendly county shall, so long as such facility continues commercial operation in an American energy friendly county, pay a nameplate capacity tax at one and one-half times the rate set for other privately developed renewable energy generation facilities in subdivision (1)(a) of section 77-6203.

The bill creates the American Energy Friendly Counties Fund. The Fund shall be administered by the DOR and shall be used to award grants to help qualifying counties become American energy friendly counties. The Fund shall consist of money transferred by the Legislature and gifts, grants, or bequests from any source, including money remitted to the Fund from any other federal, state, public, and private sources. 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.

The DOR shall create and administer the grant program to reimburse eligible expenses that qualifying counties incur in becoming American energy friendly counties. Eligible expenses include fees for consultants and attorneys to assist with revising the county's regulations to conform to this section. Eligible expenses do not include incentive payments to owners or installers of privately developed renewable energy generation facilities.

The bill adds that in the first year in which a county gains or loses its designation as an American energy friendly county, the increased nameplate capacity tax under subsection (8) of section 1 of this bill on owners of privately developed renewable energy generation facilities in such county shall be prorated for the number of days the DOR designated the county an American energy friendly county during such year.

The DOR estimates a need for 0.5 FTE Revenue Tax Specialist Senior as a result of the bill. There is no basis to disagree with this estimate.

There is a possibility of revenue being credited to the created Cash Fund under the bill, the American Energy Friendly Counties Fund, with expenditures out of the Cash Fund for the specified grants in the bill. However, based on the language of the bill, we do not estimate any cash fund revenue.

Political subdivisions are estimated to have increased revenue through the nameplate capacity tax rate being increased under this bill in the case of the designation as an American energy friendly county.

Douglas County estimates indeterminate costs connected to changing the land use regulations to reflect the requirements of the bill.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 503	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Ryan Yang		DATE: 2/14/2025	PHONE: (402) 471-4178
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 503 appears reasonable.  Technical Note: The Department of Revenue fiscal note assumes no expenditures associated with creating the American Energy Friendly Counties Fund. As written, LB 503 contains no language referring to the amount of grants that are to be given. It also contains no language concerning funds transferred into the fund created under the bill.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 503	AM:	AGENCY/POLT. SUB: Nebraska Association of County Officials	
REVIEWED BY: Ryan Yang		DATE: 2/3/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska Association of County Officials assessment of indeterminate fiscal impact from LB 503.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 503	AM:	AGENCY/POLT. SUB: Lancaster County, Nebraska	
REVIEWED BY: Ryan Yang		DATE: 2/4/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Lancaster County, Nebraska assessment of fiscal impact from LB 503.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 503	AM:	AGENCY/POLT. SUB: Douglas County	
REVIEWED BY: Ryan Yang		DATE: 2/1/2025	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Douglas County assessment of indeterminate fiscal impact from LB 503.			

LB503<sup>(1)</sup>

Authorize the designation of American energy friendly counties and change provisions relating to privately developed renewable energy generation facilities and the nameplate capacity tax

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Douglas County

Prepared by: <sup>(3)</sup> Kent E. Holm

Date Prepared: <sup>(4)</sup> 29 Jan 2025

Phone: <sup>(5)</sup> 402-444-3959

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

Expenditures would be due to changing the land use regulations to reflect the requirements of the bill and it is not possible to estimate those costs at this time.

Revenue that would come to the County cannot be estimated at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			0	0

State Agency OR Political Subdivision Name: <sup>(2)</sup> Lancaster County, Nebraska

Prepared by: <sup>(3)</sup> Dennis Meyer

Date Prepared: <sup>(4)</sup> 1/30/2025

Phone: <sup>(5)</sup> 402-441-6869

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		\$8,091.40		
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

As of January 2025, Lancaster County, Nebraska, hosts a solar farm with an installed capacity of 4.6 megawatts (MW). Under the current state law, the annual nameplate capacity tax is set at \$3,518 per MW. Therefore, this facility contributes approximately \$16,182.80 annually to the county's tax revenue (calculated as 4.6 MW × \$3,518 per MW). This represents an additional \$8,091.40 in annual revenue for Lancaster County from this single facility.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

## State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:				
Approved by: James R. Kamm				Date Prepared: 02/14/2025		Phone: 471-5896		
	<b><u>FY 2025-2026</u></b>			<b><u>FY 2026-2027</u></b>			<b><u>FY 2027-2028</u></b>	
	<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$ 54,200	\$ 0		\$ 50,800	\$ 0		\$ 50,800	\$ 0
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$ 54,200	\$ 0		\$ 50,800	\$ 0		\$ 50,800	\$ 0

LB 503 creates a new section providing counties with the option of becoming an American energy friendly county in exchange for additional local tax revenue from owners of privately developed renewable energy facilities by submitting a resolution to do so to the registered voters in the county. If approved by the voters, the county zoning commission will apply to the Department of Revenue (DOR) on a form prescribed by the Department. DOR must maintain a current and accurate list of the counties designated as American energy friendly and other relevant information on its website.

LB 503 provides guidelines for a county to retain its status as American energy friendly. DOR must provide notice to a county if it does not continue to meet the requirements. These requirements generally relate to renewable energy developments in the county, including permitting processes, zoning, noise levels, setbacks, construction limitations, and decommissioning requirements.

LB 503 creates the American Energy Friendly Counties Fund, which would be administered by the DOR and use to award grants to counties for expenses incurred in becoming American energy friendly. Eligible expenses include fees for consultants and attorneys to assist with revising the county's regulations to conform to the Act.

LB 503 requires renewable energy generation facilities located in the American energy friendly counties to pay one and half of the otherwise applicable nameplate capacity tax, which is \$5,277 per megawatt.

The operative date for LB 503 is three months after adjournment of the Legislature.

It is estimated that 0.5 FTE Tax Specialist Senior will be needed by the Department to implement this bill for awarding and auditing grant funds, promulgating rules and regulations, and educating county assessors and staff, board members, and planning and zoning commission.

## Major Objects of Expenditure

Class Code	Classification Title	25-26 FTE	26-27 FTE	27-28 FTE	25-26 Expenditures	26-27 Expenditures	27-28 Expenditures
A29622	Revenue Tax Specialist Senior	0.5	0.5	0.5	\$37,000	\$38,200	\$38,200
Benefits.....					\$12,200	\$12,600	\$12,600
Operating Costs.....							
Travel.....							
Capital Outlay.....					\$5,000		
Capital Improvements.....							
<b>Total.....</b>					<b>\$54,200</b>	<b>\$50,800</b>	<b>\$50,800</b>

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Association of County Officials

Prepared by: <sup>(3)</sup> Elaine Menzel

Date Prepared: <sup>(4)</sup> 1/30 /2025

Phone: <sup>(5)</sup> 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

The fiscal impact of LB503 is unknown because whether it is used within a county will be determinative upon at least three factors: (1) is a county zoned; (2) do the voters approve of the county applying for an American energy friendly designation; and (3) whether the county would meet the requirements of an American energy friendly designation.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE				
Personal Services:				
POSITION TITLE	NUMBER OF POSITIONS		2025-26	2026-27
	25-26	26-27	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				