

PREPARED BY: John Wiemer
 DATE PREPARED: January 21, 2025
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Revision: 00

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				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 8 would change the tax credit under the Sustainable Aviation Fuel Tax Credit Act from non-refundable to refundable. The bill would change the credit to begin for taxable years beginning on or after January 1, 2028 instead of January 1, 2027. The bill would remove that the producer of sustainable aviation fuel could only claim the credit in a total of five taxable years. The bill would also remove the limit of \$500,000 of credits per fiscal year that the Department of Revenue (DOR) would be able to approve.

The DOR estimates a decrease to General Fund revenues for FY29 of approximately \$2 million. Additionally, the DOR estimates the fiscal impact to grow exponentially in future years. The DOR notes that DG Fuels is expected to build a sustainable aviation fuel production facility in the state that will produce 193 million gallons per year starting in 2030. Approximating the credit at \$1.00 per gallon, the DOR illustrates a General Fund impact that has the potential to reach about \$200 million per year revenue loss in future years.

The DOR estimates minimal costs to it as a result of the bill.

There is no basis to disagree with the DOR.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 8	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Neil Sullivan		DATE: 8/1/2024	PHONE: (402) 471-4179
COMMENTS: The Department of Revenue assessment of fiscal impact from LB 8 appears reasonable.			

State Agency Estimate

State Agency Name: Department of Revenue Date Due LFO:
 Approved by: James R. Kamm Date Prepared: 01/16/2025 Phone: 471-5896

	FY 2025-2026		FY 2026-2027		FY 2027-2028	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds		\$ 0		\$ 0		\$0
Cash Funds						
Federal Funds						
Other Funds						
Total Funds		\$ 0		\$ 0		\$0

LB 8 changes the non-refundable income tax credit under the Sustainable Aviation Fuel Tax Credit Act (§77-7019) to a refundable credit. It also removes the \$500,000 per fiscal year aggregate limit and imposes no other limit. It furthers changes the beginning date of the credit from on or after January 1, 2027, to tax years starting on or after January 1, 2028.

The estimated impact of LB 0008 on the General Funds for FY 2028-29 is approximately \$2 million. However, given this is a refundable income tax, DOR expects the fiscal impact to grow exponentially in future years. According to DG Fuels, they are expected to build a SAF production plant that will produce 193 million gallons in 2030. Given the credit of approximately \$1.00 per gallons, the fiscal impact have the potential to reach \$200 million in future years.

It is estimated that this bill will have minimal costs to the Department of Revenue.

Major Objects of Expenditure

Class Code	Classification Title	FTE			Expenditures		
		25-26	26-27	27-28	25-26	26-27	27-28
Total							