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LB 626

Revision: 01

Revised to include agency response.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	18,000,000		22,500,000	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	18,000,000		22,500,000	

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

LB 626 provides a production incentive for qualified producers of biodiesel fuel. The bill directs the Department of Revenue to pay qualified producers \$.30/gallon for every gallon of biodiesel fuel sold.

The Nebraska Energy Office estimates that approximately 60 million gallons of biodiesel will be produced in Nebraska in 2008, and with current plants under consideration, the Fiscal Office estimates that approximately 75 million gallons could be produced in 2009. The majority of production is projected to take place at a 50 million gallon facility in Beatrice.

The estimated expenditures to qualified producers are highly dependent on a number of variables. The price of soybean oil as compared to the price of crude oil, and the availability of raw materials are two of the primary variables. Most importantly, payments to producers are based on gallons sold, not gallons produced. For the purposes of this estimate, it is assumed that 100% of the gallons produced will be sold. Therefore, it is very likely that this estimate is at the high end of the potential expenditure range.

Implementation and administration costs for the Department of Revenue are currently undeterminable. The Department notes that in order to estimate these costs, a number of technical and administrative issues with the bill need to be addressed.

IMPACT ON POLITICAL SUBDIVISIONS: This bill does not appear to have a material fiscal impact on political subdivisions