

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

| <b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates) |                   |         |                   |               |
|---|-------------------|---------|-------------------|---------------|
|   | <b>FY 2013-14</b> |         | <b>FY 2014-15</b> |               |
|   | EXPENDITURES      | REVENUE | EXPENDITURES      | REVENUE       |
| GENERAL FUNDS   |                   |         |                   | (\$7,476,000) |
| CASH FUNDS  |                   |         |                   | (\$ 303,000)  |
| FEDERAL FUNDS   |                   |         |                   |               |
| OTHER FUNDS   |                   |         |                   |               |
| <b>TOTAL FUNDS</b>  |                   |         |                   | (\$7,779,000) |

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

LB 501 amends the Nebraska Advantage Act.

The bill amends Section 77-5715 regarding what is considered a qualified business for Tier 2, 3, 4 or 5 projects, to add a business engaged in the production of electricity by using one or more sources of renewable energy to produce electricity for sale.

Renewable energy sources include wind, solar, geothermal, hydroelectric, and biomass.

The Department of Revenue has indicated that due to the capital intensity but limited employment requirements of renewable energy projects, only a large wind farm would qualify under the investment and job creation thresholds of Tier 5 of the Advantage Act.

The Department, based on information from the Nebraska Energy Office, assumes one wind project will be built in 2013, with an Advantage Act sales tax refund in FY2014-15, and with ongoing capital replacement expenses (based on data from the National Renewable Energy Laboratory). The fiscal impact estimate is based on prior wind projects of comparable size. It is expected that wind farms will be constructed in 3 to 5 year increments thereafter.

The Department estimates the following fiscal impact to the various listed funds:

| Fiscal Year: | General Fund:  | State Highway Capital Improvement Fund: | Highway Allocation Fund: | Total:         |
|--------------|----------------|---|--------------------------|----------------|
| FY2013-14:   | \$ 0           | \$ 0                                    | \$ 0                     | \$ 0           |
| FY2014-15:   | (\$ 7,476,000) | (\$ 303,000)                            | (\$ 54,000)              | (\$ 7,833,000) |
| FY2015-16:   | (\$ 109,000)   | (\$ 4,400)                              | (\$ 780)                 | (\$ 114,180)   |
| FY2016-17:   | (\$ 109,000)   | (\$ 4,400)                              | (\$ 780)                 | (\$ 114,180)   |

The Department estimates the cost to implement the provisions of LB 501 will be minimal.

There is no basis to disagree with the Department's estimates of fiscal impact and cost.

| <b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>   |     |                                    |                     |
|---|-----|------------------------------------|---------------------|
| LB: 501   | AM: | AGENCY/POLT. SUB: Dept. of Revenue |                     |
| REVIEWED BY: Lyn Heaton   |     | DATE: 2/13/2014                    | PHONE: 402.471.4181 |
| COMMENTS: The Department of Revenue has assumed one wind energy project qualifying for benefits under the Nebraska Advantage program will be built in 2013, based on information obtained from the Nebraska Energy Office. No basis upon which to disagree with the Department's analysis. Concur with the Department's estimate of minimal operational cost to implement the bill. |     |                                    |                     |

