

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	14,828		14,828	
CASH FUNDS			610,000	See below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	14,828		624,828	See below

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

LB 1053 would establish a production incentive program for biodiesel products. The fiscal impact of the program would include:

Biodiesel production credits – Production credits of 30 cents per gallon would be available to biodiesel producers in Nebraska. No more than 2,000,000 gallons of production would be eligible for the credit, which would be paid from the Advanced Biodiesel Technology Transfer and Commercialization Cash Fund. At the maximum, \$600,000 in production credits could be paid from the fund. Because there is no revenue source for the cash fund established in LB 1053, a fee, charge or General Fund transfer would be necessary to provide income to the fund so credits could be paid out to producers.

Department of Agriculture administration – The Department of Agriculture would be directed to administer the production credit program, including the evaluation of incentive claims and the collection of materials to determine the qualification of biodiesel production for the incentive program. The agency estimates that administrative expenses could total \$14,828. Because the cash fund could not be used for administrative expenses, a General Fund appropriation would be necessary.

Material testing expenses -- A \$1,000 fee may be collected by the Director of the Department of Agriculture to cover the costs of material evaluation by the University of Nebraska Industrial Agricultural Products Center. There is no basis to disagree with the Department of Agriculture's estimate that \$10,000 in revenue could be received from this fee and passed through to the University of Nebraska to offset testing and evaluation costs.

Because the date that credits could first be approved is not specified, credits could be issued when funding for production incentives becomes available and the Department of Agriculture establishes an application and approval process. It is estimated that there may be some expenses to the agency in FY08-09, and credits would first be issued in FY09-10.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Mike Salzwedel	DATE	1/28/08	PHONE	471-42526
-------------	----------------	------	---------	-------	-----------

COMMENTS

AGRICULTURE: Agree with assumptions from the Department of Agriculture based on the introduced version of LB 1053.