

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$105,468	(\$1,575,000)	\$10,000	(\$4,463,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$105,468	(\$1,575,000)	\$10,000	(\$4,463,000)

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

LB 1162 adopts the Fueling Station Tax Credit Act, which provides for a nonrefundable tax credit against income tax, premium and related retaliatory taxes, or franchise tax for taxpayers who place a qualified alternative-fuel fueling station in service during 2020 or 2021. The credit equals 75% of the cost of the fueling station. Unused credits can be carried forward 5 years.

Taxpayers must apply to the Department of Revenue (DOR) and provide certain information. DOR will consider applications in the order they are received and approve applications for credits up to \$25,000,000 under the act. DOR can adopt and promulgate rules and regulations.

Taxpayers claiming the credit must submit an annual report to the Department of Environment and Energy (DEE) in the year the station is placed in service and for 4 years thereafter. The report must include certain information.

Revenue:

DOR estimates revenue to the General Fund as follows:

FY 20-21	(\$1,575,000)
FY 21-22	(\$4,463,000)
FY 22-23	(\$3,675,000)
FY 23-24	(\$788,000)

Expenditures:

DOR estimates a one-time cost of \$105,468 to OCIO for mainframe and web development changes and that any other administrative costs could be absorbed with existing staff. DEE estimates a cost of \$10,000 in FY 21-22 related to reporting.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1162	AM:	AGENCY/POLT. SUB: Department of Environment and Energy	
REVIEWED BY: Lee Will	DATE: 02/03/2020	PHONE: (402) 471-4175	
COMMENTS: No basis to disagree with the Department of Environment and Energy's assessment of fiscal impact.			

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA:				
Approved by: Tony Fulton		Phone: 471-5896				
Date Prepared:						
	FY 2020-2021		FY 2021-2022		FY 2022-2023	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$105,468	\$(1,575,000)		\$(4,463,000)		\$(3,675,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$105,468	\$(1,575,000)		\$(4,463,000)		\$(3,675,000)

LB 1162 creates the Fueling Station Tax Credit Act (Act). The Act allows a nonrefundable and nontransferable tax credit for a taxpayer who places a qualified alternative-fuel fueling station in service during calendar year 2020 or 2021 (Applicable Period). A Taxpayer is any person subject to income tax imposed by the Nebraska Revenue Act of 1967 (the Revenue Act), an insurance company subject to premium and related retaliatory tax liability pursuant to Neb. Rev. Stat. §§ 44-150 or 77-908, or a financial institution subject to the franchise tax imposed in §§ 77-3801 to 77-3807. Qualified alternative-fuel fueling station (Fueling Station) is a metered-for-fee, public access recharging system for motor vehicles propelled in whole or in part by electricity. The fueling station must be new and must not have been previously installed or used to refuel motor vehicles by any means. A building or its structural components are not included in the definition. Motor vehicle has the same meaning as in § 60-339.

For Taxpayers eligible to receive the credit, the credit can be taken against the income tax imposed by the Revenue Act, any premium and related retaliatory taxes imposed by §§ 44-150 or 77-908, or the franchise tax imposed by §§ 77-3801 to 77-3807. The credit is equal to 75% of the cost of any Fueling Station that is placed in service during the Applicable Period.

Taxpayers must apply for the credit with the Department of Revenue (DOR). The application will include the name of the taxpayer, the number of Fueling Stations that will be placed in service during the Applicable Period, and any other information required by DOR. If the taxpayer qualifies for the credit, DOR will approve the application and notify the Taxpayer of the amount of credits approved. Applications are to be considered in the order in which they are received. Applications may be approved until the total amount of credits under the Act equals \$25 million. Unused credits may be carried forward up to five years. DOR may adopt and promulgate rules and regulations to carry out the Act.

Taxpayers claiming a credit under the Act must submit an annual report to the Department of Environment and Energy. The report is submitted in the year the Fueling Station is placed in service and the next four years after. For each Fueling Station for which a credit is claimed, the report includes for the reporting period, the number of charging events, the number of unique vehicles that were charged, the total kilowatt-hours dispensed for each charging event, and the average kilowatt-hours dispensed for all charging events. The remainder of the sections of LB 1162 harmonize provisions.

In 2019, the Nebraska Electric Vehicle Charging Rebate Program provided a rebates to encourage installation of electric vehicle charging stations to serve light-duty electric vehicles in Nebraska. This program was fully subscribed. DOR utilized data from this program to determine the demand for this credit. However, unlike the rebate program, the credit can only be utilized by companies with tax liabilities. Consequently, the DOR believes that this bill would result in approximately 150 to 200 new stations and have negative impact on the General Fund revenues as follows:

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2020

LB⁽¹⁾ 1162

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Environment and Energy (084)

Prepared by: ⁽³⁾ Dennis Burling Date Prepared: ⁽⁴⁾ 01/27/2020 Phone: ⁽⁵⁾ 402-471-4214

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$10,000	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	\$10,000	=====

Explanation of Estimate:

The bill requires any taxpayer claiming a credit under the Fueling Station Tax Credit Act to submit an annual report to DEE. Department of Revenue shall consider applications until the total amount of credits equals twenty-five million dollars.

Basis - \$50,000 per station application would result in about 500 reports. The act is only for station installation in calendar years 2020 or 2021. Anticipate all agency costs would be in FY 21-22.

This would be a limited time process, so we would use a paper submission process. The agency cost would be approximately \$10,000 for receiving the reports and storing them.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21 EXPENDITURES</u>	<u>2021-22 EXPENDITURES</u>
	<u>20-21</u>	<u>21-22</u>		
Staff Assistant	_____	1	_____	\$5,800
Benefits.....	_____	_____	_____	\$1,200
Operating.....	_____	_____	_____	\$3,000
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	=====	=====	=====	\$10,000