

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$105,960	(\$1,888,000)		(\$5,350,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$105,960	(\$1,888,000)		(\$5,350,000)

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

LB 346 seeks to adopt the Fueling Station Tax Credit Act (Act).

Under the Act, qualified alternative-fuel fueling station is defined as a metered-for-fee, public access recharging system for hybrid or electric motor vehicles. To qualify, the station cannot be one that was previously built, and does not include the building or structural components where the station is located. Taxpayer is defined under the Act as a person subject to income tax, an insurance company subject to premium or retaliatory tax, or a financial institution subject to franchise tax.

For any qualified alternative-fuel fueling station placed in service in calendar years 2021 or 2022, the taxpayer in charge of the station can apply to the Department of Revenue for a non-refundable, non-transferable tax credit against any of the applicable taxes listed above. The tax credit is equal to 75% of the cost incurred to place a qualified alternative-fuel fueling station in service. Any unused credit can be carried forward for up to 5 years.

The Department of Revenue is to receive and consider applications for the tax credit, and is limited to crediting \$25 million in total credits under the Act.

The Act requires each taxpayer claiming a credit to submit an additional report to the Department of Environment and Energy which must include various details regarding the usage of the qualified fueling station.

LB 346 becomes operative three months after adjournment.

Revenue:

The Department of Revenue utilized data from the Nebraska Electric Vehicle Charging Rebate Program to estimate the expected demand for this tax credit. DOR believes 200 new stations will be built in 2021 and 2022, each with an average cost of \$82,000. The impact to General Fund revenues is estimated as follows:

- FY 21-22: (\$1,888,000)
- FY 22-23: (\$5,350,000)
- FY 23-24: (\$4,406,000)
- FY 24-25: (\$944,000)

There is no basis to disagree with these estimates.

Expenditure:

DOR expects a one-time OCIO charge of \$105,960 to implement LB 346. There is no basis to disagree with this estimate.

In the year the qualified alternative-fuel fueling station is placed in service and for the next four years thereafter, taxpayers claiming a credit under the Act must submit annual reports to the Department of Environment and Energy. The reports must include the following information for the reporting period: (1) the number of charging events; (2) the number of unique vehicles that were charged; (3) the total kilowatt-hours dispensed for each charging event; and (4) the average kilowatt-hours dispensed for all charging events.

The Department of Revenue may adopt and promulgate rules and regulations to carry out the Act.

LB 346 becomes operative three months after adjournment.

The Nebraska Electric Vehicle Charging Rebate Program provided 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 200 new stations in 2021 and 2022 with average cost of \$82,000 per station. Based on these assumptions, LB 346 is expected to have the following fiscal impact on the General Fund revenues:

FY2021-22	\$ (1,888,000)
FY2022-23	\$ (5,350,000)
FY2023-24	\$ (4,406,000)
FY2024-25	\$ (944,000)

It is estimated that LB 346 will require a one-time programming charge of \$105,960 paid to the OCIO for mainframe and web development costs.