

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

| ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates) | | | | |
|---|---------------------|----------------|---------------------|----------------|
| | FY 2025-26 | | FY 2026-27 | |
| | EXPENDITURES | REVENUE | EXPENDITURES | REVENUE |
| GENERAL FUNDS | \$54,200 | | \$50,800 | |
| CASH FUNDS | See Below | See Below | See Below | See Below |
| FEDERAL FUNDS | | | | |
| OTHER FUNDS | | | | |
| TOTAL FUNDS | See Below | See Below | See Below | See Below |

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

LB 503 provides that each county in this state shall have the option to become an American energy friendly county in exchange for additional local tax revenue from the owners of privately developed renewable energy generation facilities.

A county board that determines to pursue designation as an American energy friendly county shall, by resolution, state the county's intention to either:

- Apply to the Department of Revenue (DOR) for an American energy friendly county designation; or
- Submit the question of whether to apply for an American energy friendly county designation to a vote of the registered voters of the county, requiring a majority of voters voting in favor on the question.

The county board shall delegate authority for the county zoning administrator or other authorized individual to apply on the county's behalf for an American energy friendly county designation. The county zoning administrator or other authorized individual shall then apply to the DOR on a form prescribed by the DOR. If the county meets the requirements, the DOR shall, within 30 days after receiving the application, designate the county as an American energy friendly county and inform the county board of such designation by written notice.

The DOR shall maintain a current and accurate list on its website of:

- The counties that have applied for an American energy friendly county designation;
- The counties that have received an American energy friendly county designation; and
- The total nameplate capacity tax levied under subsection (8) of section 1 of this bill.

If after designation as an American energy friendly county a county no longer meets the requirements, such county shall lose its American energy friendly county designation if it does not cure the noncompliance within 30 days after receipt of written notice from the DOR.

The bill specifies the compliance necessary regarding a county's regulations, including its zoning regulation in order to qualify for an American energy friendly county designation.

Subsection (8) of section 1 of this bill adds that the owner of a privately developed renewable energy generation facility that commences commercial operation in an American energy friendly county shall, so long as such facility continues commercial operation in an American energy friendly county, pay a nameplate capacity tax at one and one-half times the rate set for other privately developed renewable energy generation facilities in subdivision (1)(a) of section 77-6203.

The bill creates the American Energy Friendly Counties Fund. The Fund shall be administered by the DOR and shall be used to award grants to help qualifying counties become American energy friendly counties. The Fund shall consist of money transferred by the Legislature and gifts, grants, or bequests from any source, including money remitted to the Fund from any other federal, state, public, and private sources. Any money in the Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

The DOR shall create and administer the grant program to reimburse eligible expenses that qualifying counties incur in becoming American energy friendly counties. Eligible expenses include fees for consultants and attorneys to assist with revising the county's regulations to conform to this section. Eligible expenses do not include incentive payments to owners or installers of privately developed renewable energy generation facilities.

The bill adds that in the first year in which a county gains or loses its designation as an American energy friendly county, the increased nameplate capacity tax under subsection (8) of section 1 of this bill on owners of privately developed renewable energy generation facilities in such county shall be prorated for the number of days the DOR designated the county an American energy friendly county during such year.

The DOR estimates a need for 0.5 FTE Revenue Tax Specialist Senior as a result of the bill. There is no basis to disagree with this estimate.

There is a possibility of revenue being credited to the created Cash Fund under the bill, the American Energy Friendly Counties Fund, with expenditures out of the Cash Fund for the specified grants in the bill. However, based on the language of the bill, we do not estimate any cash fund revenue.

Political subdivisions are estimated to have increased revenue through the nameplate capacity tax rate being increased under this bill in the case of the designation as an American energy friendly county.

Douglas County estimates indeterminate costs connected to changing the land use regulations to reflect the requirements of the bill.

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|--|-----------------|---|
| LB: 503 | AM: | AGENCY/POLT. SUB: Department of Revenue |
| REVIEWED BY: Ryan Yang | DATE: 2/14/2025 | PHONE: (402) 471-4178 |
| COMMENTS: The Department of Revenue assessment of fiscal impact from LB 503 appears reasonable. | | |
| Technical Note: The Department of Revenue fiscal note assumes no expenditures associated with creating the American Energy Friendly Counties Fund. As written, LB 503 contains no language referring to the amount of grants that are to be given. It also contains no language concerning funds transferred into the fund created under the bill. | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|---|----------------|--|
| LB: 503 | AM: | AGENCY/POLT. SUB: Nebraska Association of County Officials |
| REVIEWED BY: Ryan Yang | DATE: 2/3/2025 | PHONE: (402) 471-4178 |
| COMMENTS: No basis to disagree with the Nebraska Association of County Officials assessment of indeterminate fiscal impact from LB 503. | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|---|----------------|--|
| LB: 503 | AM: | AGENCY/POLT. SUB: Lancaster County, Nebraska |
| REVIEWED BY: Ryan Yang | DATE: 2/4/2025 | PHONE: (402) 471-4178 |
| COMMENTS: No basis to disagree with the Lancaster County, Nebraska assessment of fiscal impact from LB 503. | | |

| ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE | | |
|---|----------------|----------------------------------|
| LB: 503 | AM: | AGENCY/POLT. SUB: Douglas County |
| REVIEWED BY: Ryan Yang | DATE: 2/1/2025 | PHONE: (402) 471-4178 |
| COMMENTS: No basis to disagree with the Douglas County assessment of indeterminate fiscal impact from LB 503. | | |

Please complete ALL (5) blanks in the first three lines.

2025

LB503⁽¹⁾ Authorize the designation of American energy friendly counties and change provisions relating to privately developed renewable energy generation facilities and the nameplate capacity tax

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Douglas County

Prepared by: ⁽³⁾ Kent E. Holm Date Prepared: ⁽⁴⁾ 29 Jan 2025 Phone: ⁽⁵⁾ 402-444-3959

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|--------------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | <u>_____</u> | <u>_____</u> | <u>_____</u> | <u>_____</u> |

Explanation of Estimate:

Expenditures would be due to changing the land use regulations to reflect the requirements of the bill and it is not possible to estimate those costs at this time.

Revenue that would come to the County cannot be estimated at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26</u> | <u>2026-27</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>25-26</u> | <u>26-27</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | <u>0</u> | <u>0</u> |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 503

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Lancaster County, Nebraska

Prepared by: ⁽³⁾ Dennis Meyer Date Prepared: ⁽⁴⁾ 1/30/2025 Phone: ⁽⁵⁾ 402-441-6869

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|---------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | \$8,091.40 | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

As of January 2025, Lancaster County, Nebraska, hosts a solar farm with an installed capacity of 4.6 megawatts (MW). Under the current state law, the annual nameplate capacity tax is set at \$3,518 per MW. Therefore, this facility contributes approximately \$16,182.80 annually to the county's tax revenue (calculated as 4.6 MW × \$3,518 per MW). This represents an additional \$8,091.40 in annual revenue for Lancaster County from this single facility.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26</u> | <u>2026-27</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>25-26</u> | <u>26-27</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |

Please complete ALL (5) blanks in the first three lines.

2025

LB⁽¹⁾ 503

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Association of County Officials

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/30 /2025 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

| | <u>FY 2025-26</u> | | <u>FY 2026-27</u> | |
|---------------|---------------------|----------------|---------------------|----------------|
| | <u>EXPENDITURES</u> | <u>REVENUE</u> | <u>EXPENDITURES</u> | <u>REVENUE</u> |
| GENERAL FUNDS | _____ | _____ | _____ | _____ |
| CASH FUNDS | _____ | _____ | _____ | _____ |
| FEDERAL FUNDS | _____ | _____ | _____ | _____ |
| OTHER FUNDS | _____ | _____ | _____ | _____ |
| TOTAL FUNDS | ===== | ===== | ===== | ===== |

Explanation of Estimate:

The fiscal impact of LB503 is unknown because whether it is used within a county will be determinative upon at least three factors: (1) is a county zoned; (2) do the voters approve of the county applying for an American energy friendly designation; and (3) whether the county would meet the requirements of an American energy friendly designation.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

| <u>POSITION TITLE</u> | <u>NUMBER OF POSITIONS</u> | | <u>2025-26</u> | <u>2026-27</u> |
|---------------------------|----------------------------|--------------|---------------------|---------------------|
| | <u>25-26</u> | <u>26-27</u> | <u>EXPENDITURES</u> | <u>EXPENDITURES</u> |
| _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ |
| Benefits..... | _____ | _____ | _____ | _____ |
| Operating..... | _____ | _____ | _____ | _____ |
| Travel..... | _____ | _____ | _____ | _____ |
| Capital outlay..... | _____ | _____ | _____ | _____ |
| Aid..... | _____ | _____ | _____ | _____ |
| Capital improvements..... | _____ | _____ | _____ | _____ |
| TOTAL..... | _____ | _____ | _____ | _____ |