

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)					
EXPENDITURES	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0
REVENUE	GENERAL	CASH	FEDERAL	REVOLVING	TOTAL
FY2025-2026	0	0	0	0	0
FY2026-2027	0	0	0	0	0
FY2027-2028	0	0	0	0	0
FY2028-2029	0	0	0	0	0

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

LB1186 would adopt the Affordable American Energy and Jobs Act which does the following:

- Creates findings and declarations of the Legislature;
- Sets definitions under the act;
- Sets administration of the act within the Department of Water, Energy, and Environment (DWEE);
- Creates requirements before any American energy project and facility is constructed;
- Requires DWEE to develop a list of affordable American energy best practices, creates guidelines for DWEE in developing the list;
 - Requires DWEE to publish the preliminary list of best practices on or before October 15, 2026 and requires public comment;
 - Requires DWEE to publish the final list of best practices on their website on or before December 15, 2026;
- Does not make the best practices list binding on any political subdivision;
- Any county which adopts the list of best practices shall be eligible to receive additional revenue under the nameplate capacity tax;
- Requires DWEE to utilize existing resources to develop the best practices list;
- Creates the Affordable American Energy Best Practices Cash Fund, lists the eligible use and receipts, restricts transfers into the cash fund from the General Fund; and
- Permits DWEE to adopt and promulgate rules and regulations under the act.

LB1186 amends the nameplate capacity tax to include battery energy storage system and amends the distribution of the tax.

Any change to distribution of nameplate capacity tax would depend upon the best practices list developed by DWEE and adoption by counties. NACO has provided an estimate based upon all 93 counties adopting the best practices, of which we have no basis to disagree with their estimate utilizing that assumption. However, as the best practices list is currently unknown, it is impossible to determine if any counties would adopt the practices. Any cost to counties would not be felt by the state.

The Department of Water, Energy, and Environment has provided an estimate that 1.5 FTE, Environmental Safety Inspection II, would be required to fulfill the provisions of the act, which appears reasonable. No basis to disagree that DWEE would, without additional appropriation for this administration, either have to cut current operations or aid or not administer the program.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 1186 AM: AGENCY/POLT. SUB: Department of Revenue

REVIEWED BY: Ryan Yang DATE: 2/17/2025 PHONE: (402) 471-4178

COMMENTS: The Department of Revenue assessment of minimal fiscal impact from LB 1186 appears reasonable.

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2026

LB⁽¹⁾ 1186

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Water, Energy, and Environment

Prepared by: ⁽³⁾ Isabella Peterson

Date Prepared: ⁽⁴⁾ 1/27/2026

Phone: ⁽⁵⁾ 402-560-2017

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2027-28	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

The bill adopts the Affordable American Energy and Jobs Act (Act) and prescribes several duties to the Department of Water, Energy, and Environment (Department). The bill requires the Department to develop a list of "affordable American energy" (as defined in the Act) best practices based on factual information and data for siting affordable American energy projects, including, but not limited to, standards or matrices that can be used by county boards and planning and zoning officials. The best practices shall include but not be limited to several items as specified in Sec. 5, subsection (4)(a)-(i) of the bill.

In developing such best practices, the bill requires that the Department shall seek assistance from the Game and Parks Commission, the Department of Economic Development, representatives of Nebraska public power districts, counties, health departments, energy developers, agricultural producers, representatives of conservation organizations, and others who have expertise in this area. The bill requires that the Department shall also consider siting criteria developed in other states to the extent such criteria provide examples of best practices.

The bill requires that the Department shall publish a preliminary list of affordable American energy best practices on its website on or before October 15, 2026, which shall be open to public comment for thirty days. The bill provides that the Department may hold one or more public hearings on such preliminary list. The bill requires that the Department shall publish a final list of affordable American energy best practices on its website on or before December 15, 2026.

The bill creates the Affordable American Energy Best Practices Cash Fund that shall be administered by the Department, which shall be used for educational purposes related to the Affordable American Energy and Jobs Act and not as incentive payments related to any application or project.

The bill provides that the Department may adopt and promulgate rules and regulations to carry out the Act.

The bill specifies that the Department shall use existing staff and other resources of the Department to develop a list of affordable American energy best practices. The Department estimates that it would take approximately 3,120 hours of work by an Environmental Safety Specialist II position to implement the requirements of this bill by the required deadlines. The Department does not currently have existing staff nor is there a dedicated source of funding for these activities, which prevents it from being able to complete the requirements of the bill prior to the specified deadlines. Additionally, to carry out the requirements of the bill, the capacity of other program areas within the Department will have to be diminished.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2026-27	2027-28
	<u>26-27</u>	<u>27-28</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.

2026

LB⁽¹⁾ 1186

FISCAL NOTE

State Agency OR Political Subdivision
Name: ⁽²⁾

LINCOLN ELECTRIC SYSTEM (LES)

Prepared by: ⁽³⁾ MATT ANDERSEN

Date Prepared: 02/02/2026
⁽⁴⁾

Phone: ⁽⁵⁾ 402-473-3203

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2026-27</u>		<u>FY 2027-28</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0		\$0	

Explanation of Estimate:

Since LES is not subject to the nameplate capacity tax, LB 1186 is not expected to have a financial impact to LES.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2026-27 EXPENDITURES</u>	<u>2027-28 EXPENDITURES</u>
	<u>26-27</u>	<u>27-28</u>		
Benefits.....				
...				
Operating.....				
....				
Travel.....				
.				
Capital outlay.....				
Aid.....				
.				
Capital improvements.....				
TOTAL.....				

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2026

LB⁽¹⁾ 1186

FISCAL NOTE

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

Prepared by: ⁽³⁾ Elaine Menzel Date Prepared: ⁽⁴⁾ 1/26/2026 Phone: ⁽⁵⁾ 402.434.5660

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2026-27		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB1186 would adopt the Affordable American Energy and Jobs Act and change distribution provisions relating to the nameplate capacity tax.

NACO examined Nebraska DOR Nameplate Capacity Tax revenue for all 93 counties. First, we identified the 42 counties that reported Nameplate revenue in 2024: Adams, Antelope, Boone, Brown, Burt, Cherry, Colfax, Cuming, Custer, Dakota, Dawson, Dixon, Dodge, Fillmore, Franklin, Gage, Hall, Holt, Howard, Jefferson, Keith, Keya, Kimball, Knox, Lancaster, Logan, Madison, Nuckolls, Perkins, Platte, Polk, Richardson, Saline, Scotts, Seward, Thayer, Valley, Washington, Wayne, Webster, Wheeler, and York. The total revenue given to these counties (before division to all political subdivisions within the county) was \$12,291,053. Next, we identified each county's levy and calculated its proportion to the overall property tax request in the county. Then we multiplied this percentage for each county by the nameplate revenue given to each county to identify their 2024 portion. Next, we multiplied this figure in each county by 1.5 to estimate the change in revenue if every county adopted the Affordable American Energy and Jobs Act articulated by LB1186. In 2024, Nebraska counties received \$2,814,867 in Nameplate Capacity Tax revenue. If each county adopted the Affordable American Energy and Jobs Act, this figure would have increased to \$4,222,300. However, LB1186 specifically states that fifty percent of the revenue distributed to a county under Section 9 (3)(b)(i) of LB1186 must be used for property tax relief while the other fifty percent must be distributed to the electric utilities in the county. This means that LB1186 would not increase revenue for Nebraska counties; but instead reduce revenue to \$2,111,150, for a reduction of revenue of \$703,717.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2026-27	2027-28
	26-27	27-28	EXPENDITURES	EXPENDITURES
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

