

PREPARED BY: Doug Gibbs
 DATE PREPARED: March 02, 2009
 PHONE: 471-0051

LB 455

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$3,400	(\$36,464,000)	\$0	(\$38,078,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$3,400	(\$36,464,000)	\$0	(\$38,078,000)

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

LB 455 would create a renewable energy tax credit for electricity produced from renewable energy sources and a sales and use tax exemption on the purchase of property used in the generation or transmission of electricity produced from eligible renewable resources. The bill has an operative date of July 1, 2009.

The bill defines eligible renewable resources as those resources derived from wind, moving water, solar energy, geothermal energy, biomass, fuel cells, or landfill gases.

A renewable energy facility is defined as including any and all property owned, used, operated, or useful for operation in the generation or transmission of electricity produced by eligible renewable resources.

Eligible entities are public power districts, rural public power districts, joint entities or joint public agencies created pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act, any electric cooperative organized under the Electric Cooperative Corporation Act, and any Nebraska municipality.

The credit created by LB 455 is to be used as a credit against Nebraska sales or use taxes. The amount of the credit is 1.90 cents (\$0.019) for each kilowatt-hour of electricity generated from eligible renewable resources at a renewable energy facility. The credit may be earned for 20 years on or after the effective date of this act or after the date the renewable energy facility is placed in operation. The credit is to be adjusted each year by the change during the previous year in the unadjusted Consumer Price Index for all Urban Consumers.

The tax credit is nonrefundable but may be carried back as a credit against prior sales or use tax liability for three years and carried forward for ten years. The credit is also transferable for a period of ten years after it is earned. The credit may be used as a payment of tax, a prepayment of tax, or a payment of estimated tax. In addition, the credit may be claimed in addition to and independent from the tax credit available under Section 77-27,235, the Renewable Energy Tax Credit, which is available to any producer of electricity generated by a new zero-emission facility.

The Department of Revenue estimates the following impact to revenue:

FY2009-10:	(\$36,464,000)
FY2010-11:	(\$38,078,000)
FY2011-12:	(\$39,075,000)
FY2012-13:	(\$39,991,000)

The Department of Revenue estimates a one-time mainframe computer programming cost of \$3,400.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact or cost.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	3/4/09	PHONE	471-2526
COMMENTS					
DEPARTMENT OF REVENUE: No basis upon which to disagree.					