

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	1,000,000	487,000		1,165,000
CASH FUNDS		20,000		47,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	1,000,000	507,000		1,212,000

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

LB 585 creates the Renewable Fuel Infrastructure Program.

Section 1 provides definitions for the program.

Section 2 creates the program with the purpose to improve retail motor fuel sites by installing, replacing, or converting ethanol infrastructure to be used to store, blend, or dispense renewable fuel. The program shall function as a grant program administered by the State Energy Office.

Section 3 provides for eligibility of persons and ethanol infrastructure projects.

Section 5 requires the State Energy Office to determine the amount of the grants to be awarded under the program. Applications shall be considered in the order in which they are received and the office may grant up to one million dollars (\$1,000,000) in any calendar year.

Section 7 creates the Renewable Fuel Infrastructure Fund. The fund shall be administered by the State Energy Office and used to award grants under the program. No more than ten percent (10%) of the fund shall be used for administration of the program. Furthermore, section 7 states Legislative intent to appropriate one million dollars (\$1,000,000) from the General Fund to the Renewable Fuel Infrastructure Fund for carrying out the purposes of the program.

TECHNICAL NOTE: General Funds are not typically appropriated to Cash Funds. If the intent of the bill is to provide \$1,000,000 of General Funds to the program, the reference to "Renewable Fuel Infrastructure Fund" should be changed to "Renewable Fuel Infrastructure Program".

Section 11 provides for an outright repeal of Section 77-2704.66 which exempts sales and use taxes from being imposed on the gross receipts for the sales, lease, or rental of and the storage, use, or other consumption of currency or bullion.

The Department of Revenue estimates the outright repeal of section 77-2704.66 will result in an additional \$487,000 of General Fund revenue in fiscal year 2019-20 and \$1,165,000 in fiscal year 2020-21. Furthermore, the State Highway Capital Improvement Fund will receive an additional estimated \$20,000 in fiscal year 2019-20 and \$47,000 in fiscal year 2020-21. The Highway Allocation Fund will receive an additional \$3,000 in fiscal year 2019-20 and \$8,000 in fiscal year 2020-21 (distributed to cities and counties). There is no basis to disagree with these estimates.

The State Energy Office estimates \$50,000 of administrative costs each year. In their fiscal note response, the Energy Office has split the \$1,000,000 of General Funds to show expenditures in each of the upcoming two fiscal years. The General Funds would automatically reappropriate from fiscal year 2019-20 to fiscal year 2020-21. However, the Personal Service Limitation would not carry forward. In order to address this, an A bill would show two years of funding (at \$500,000 each year) and PSL, even though this fiscal note shows the full \$1 million in fiscal year 2019-20.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES			
LB: 585	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Claire Oglesby		DATE: 3/11/19	PHONE: (402) 471-4174
COMMENTS: No basis to disagree with Department of Revenue.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 585	AM:	AGENCY/POLT. SUB: Nebraska Energy Office	
REVIEWED BY: Claire Oglesby		DATE: 3/7/19	PHONE: (402) 471-4174
COMMENTS: No basis to disagree with the Nebraska Energy Office.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 585	AM:	AGENCY/POLT. SUB: Department of Environmental Quality	
REVIEWED BY: Claire Oglesby		DATE: 3/7/19	PHONE: (402) 471-4174
COMMENTS: Concur with Department of Environmental Quality of no fiscal impact.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 585	AM:	AGENCY/POLT. SUB: Nebraska Department of Agriculture	
REVIEWED BY: Claire Oglesby		DATE: 2/01/19	PHONE: (402) 471-4174
COMMENTS: Concur with Nebraska Department of Agriculture of no fiscal impact.			

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 3/8/19				
Approved by: Tony Fulton		Phone: 471-5896				
Date Prepared: 3/8/19						
FY 2019-2020		FY 2020-2021		FY 2021-2022		
Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	\$1,000,000	\$487,000	\$1,000,000	\$1,165,000	\$1,000,000	\$1,169,000
Cash Funds		\$1,020,000		\$1,047,000		\$1,047,000
Federal Funds						
Other Funds		\$3,000		\$8,000		\$8,000
Total Funds	\$1,000,000	\$1,510,000	\$1,000,000	\$2,220,000	\$1,000,000	\$2,224,000

LB 585 outright repeals Neb. Rev. Stat. § 77-2704.66 which is the exemption from sales and use tax of gross receipts from the sale, lease, rental, storage, use and other consumption of currency or bullion.

The bill establishes the Renewable Fuel Infrastructure Program which provides grants to retailers to improve retail motor fuel sites by installing, replacing, or converting ethanol infrastructure to be used to store, blend, or dispense renewable fuel. The program will be administered by the State Energy Office. Upon application, grants awarded shall not exceed 50% of the estimated cost of the improvement or thirty thousand dollars whichever is less, for a three-year cost-share agreement, or 70% of the estimated costs of making the improvements or fifty thousand dollars, whichever is less, for a five-year cost-share agreement.

LB 585 creates the Renewable Fuel Infrastructure Fund and appropriates one million dollars from the General Fund to the Renewable Infrastructure Fund. The total amount of grants is limited to one million dollars per calendar year. Retailers may submit grant applications during calendar years 2020 through 2024.

LB 585 operative date is January 1, 2020.

The Department estimates the following fiscal impact:

Fiscal Year	General Fund Revenues	General Fund Expenditures	State Highway Capital Improvement Fund	Highway Allocation Fund	Renewable Infrastructure Fund
2019-20	\$487,000	\$1,000,000	\$20,000	\$3,000	\$1,000,000
2020-21	\$1,165,000	\$1,000,000	\$47,000	\$8,000	\$1,000,000
2021-22	\$1,169,000	\$1,000,000	\$47,000	\$8,000	\$1,000,000
2022-23	\$1,172,000	\$1,000,000	\$47,000	\$8,000	\$1,000,000

It is estimated that there will be no costs to the Department to implement this bill.

Major Objects of Expenditure							
Class Code	Classification Title	19-20 FTE	20-21 FTE	21-22 FTE	19-20 Expenditures	20-21 Expenditures	21-22 Expenditures
	Benefits.....						
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....						
	Capital Improvements.....						
	Total.....						

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

2019

LB⁽¹⁾ 585

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Energy Office

Prepared by: ⁽³⁾ Dennis Burling Date Prepared: ⁽⁴⁾ 1/30/2019 Phone: ⁽⁵⁾ 402-471-4214

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$1,000,000			
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Explanation of Estimate:

The bill authorizes the Energy office to set up and administer a grant program for ethanol infrastructure projects at retail motor fuel sites. The administration of this new grant program will require staff time to develop and operate. Additionally, the development of the program, possibly providing an online service to the customers for grant applications would be developed. The office would also have to manage or oversee the 3 year or 5 year agreements. The bill only provides for funding for the first year and allows up to 10% of the 1 million dollars to be used for administrative purposes. The effective date of January 1, 2020 is when the first applications would be accepted for the grant program. Administrative costs would be incurred in setting up the program and preparing for the initial applications.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20 EXPENDITURES</u>	<u>2020-21 EXPENDITURES</u>
	<u>19-20</u>	<u>20-21</u>		
Staff assistant II	.25	.25	\$8,822	\$8,822
Ethanol Program Manager	.25	.25	\$13,565	\$13,565
Benefits.....			\$6,718	\$6,718
Operating.....			\$20,895	\$20,895
Travel.....				
Capital outlay.....				
Aid.....			\$450,000	\$450,000
Capital improvements.....				
TOTAL.....			\$500,000	\$500,000

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2019

LB⁽¹⁾ 585 _____

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Environmental Quality _____

Prepared by: ⁽³⁾ Dennis Burling Date Prepared: ⁽⁴⁾ 1/30/2019 Phone: ⁽⁵⁾ 402-471-4214

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</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:

No Fiscal Impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</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.

2019

LB⁽¹⁾ 585

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Agriculture

Prepared by: ⁽³⁾ Christina Barber Date Prepared: ⁽⁴⁾ 1/31/19 Phone: ⁽⁵⁾ 402-471-6821

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

This bill will have no fiscal impact on the Department of Agriculture.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20 EXPENDITURES</u>	<u>2020-21 EXPENDITURES</u>
	<u>19-20</u>	<u>20-21</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	<u>0</u>	<u>0</u>