

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

Updated to include SMRs.

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)</b>				
	<b>FY 2021-22</b>		<b>FY 2022-23</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

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

LB 84 would classify NAICS code 221113, Nuclear Power Electric Generation, as a renewable energy industry that would be eligible for tax incentives under the Imagine Nebraska Act. The state of Nebraska currently has one nuclear power plant in operation, with Cooper Nuclear Station in Brownsville, NE beginning its operations in 1974 and having an approved operating license through January 18, 2034. The Fort Calhoun facility in Blair, NE was in operation until sustaining flood damages and began the decommissioning process in 2016.

Per the Energy Information Administration the fully realized investment cost of a new advanced nuclear power plant in Nebraska’s energy region can be up to \$13,181,784,000. The under-construction reactor projects VOGTLE III and IV in Georgia are expected to support 800 permanent jobs and the loan for its construction amounts to \$12 billion. Per Imagine Nebraska, an investment of over two hundred fifty million dollars and two hundred fifty employees entitles a firm to a credit equal to 7% of the investment made in qualified property at the qualified location or locations, a wage credit for 9% for a firm with 200 employees at 200% the state average income, and a sales-tax refund exemption.

A project on the scale of a nuclear power plant would exceed the base authority of tax credits as outlined in Section 39 of the Imagine Nebraska Act. As cited, “The base authority shall be equal to twenty-five million dollars for calendar years 2021 and 2022, one hundred million dollars for calendar years 2023 and 2024, and one hundred fifty million dollars for calendar year 2025. Beginning with calendar year 2026 and every three years thereafter, the director shall adjust the base authority to an amount equal to three percent of the actual General Fund net receipts for the most recent fiscal year for which such information is available.” Imagine Nebraska states that, “The director shall not approve any additional applications under the Imagine Nebraska Act that would include refunds or credits in the calendar year in which base authority is projected to be exceeded.” Given the scale of nuclear power plant projects, any advanced nuclear power plant project would exceed the base authority and would be deemed ineligible for credit by the Director of Economic Development. For this biennium.

As Imagine Nebraska allows for unexpended credits to roll-over into the next year, and beginning in FY26 the base authority for tax credits becomes equal to 3% of the actual General Fund net receipts, we have no reason to dispute the Department of Revenue’s projections for FY28-32.

Concerning Small Modular Reactors (SMR), the United States Department of Energy estimates a target implementation date by the late 2020s into the early 2030s. As such cost estimates and time estimates are difficult to estimate with this legislation. In compiling fiscal notes, our policy is to refrain from using cost estimates provided by industry. However, information is sufficiently limited that to comply with the request to update our fiscal note to include SMRs we will provide a range of industry cost estimates. From a 2017 study from the Energy Innovation Reform Project, average capital cost for kW would be \$3,782/kWW. Assuming a 400MW SMR, capital cost would range from \$821 million to \$2.3 billion. Estimates from NuScale estimates cost for a 400MW facility to range from approximately \$1.5 billion to \$2.23 billion. These are industry estimates, and does not take into account indeterminable factors such as the regulatory or subsidy framework surrounding SMRs in the year 2030. As such, we recommend that the cost range estimate of approximately \$821 million to \$2.3 billion be taken as unsubstantiated, though they are included to provide a point of reference. We are confident that there would be no fiscal impact this biennium but there may be significant fiscal impact resulting from small modular reactors achieving viability in the future. Assuming the project is undertaken by a private firm with contract to sell power to a Public Power District, we estimate the General Fund revenue impact as follows:

	\$821 million	\$1.5 billion	\$2.3 billion
FY28-29	(\$11,620,000)	(\$21,230,00)	(\$32,550,000)
FY29-30	(\$4,736,000)	(\$8,650,000)	(\$13,270,000)
FY30-31	(\$4,863,000)	(\$8,880,000)	(\$13,600,000)
FY31-21	(\$4,926,000)	(\$9,000,000)	(\$13,800,000)

Should any projects come to fruition as a result of this legislation there would be an increased administrative burden placed on the Legislative Auditor resulting from additional performance audits. Any cost would not be incurred in this biennium.

No fiscal impact for this biennium.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 84	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Neil Sullivan		DATE: 2/23/2021	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Department of Revenue assessment of fiscal impact from LB 84.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 84	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Neil Sullivan		DATE: 1/19/2021	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of no fiscal impact from LB 84 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 84	AM:	AGENCY/POLT. SUB: Department of Environment and Energy	
REVIEWED BY: Neil Sullivan		DATE: 1/15/2021	PHONE: (402) 471-4179
COMMENTS: Concur with the Department of Environment and Energy assessment of no fiscal impact from LB 84.			

**LB 84**

**Fiscal Note 2021**

**State Agency Estimate**

State Agency Name: Department of Revenue		Date Due LFO:				
Approved by: Tony Fulton		Phone: 471-5896				
Date Prepared: 2/23/2021						
	<u>FY 2021-2022</u>		<u>FY 2022-2023</u>		<u>FY 2023-2024</u>	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds		See Below		See Below		See Below
Cash Funds						
Federal Funds						
Other Funds						
<b>Total Funds</b>		See Below		See Below		See Below

LB 84 amends Neb. Rev. Stat. § 77-6818(1)(p) of the ImagiNE Nebraska Act to add nuclear energy as a renewable energy source for a qualified location that engages in the production of electricity from one or more renewable energy sources to produce electricity for sale. In addition, LB 84 amends Neb. Rev. Stat. § 50-1209(4)(g) to add NAICS code 221113, nuclear electric power generation, to the definition of a renewable energy firm.

For the purpose of estimating the fiscal impact, the Department assumes one nuclear power plant would qualify for ImagiNE Nebraska Act under Mega-Project tier. Specifically, the Department assumes one project with total investment of \$12 billion which would take five years to complete. Once the plant is fully operational, it will have 300 FTE. Based on these assumptions, the estimated impact to the General Fund revenues of LB 84 for FY28-29 through FY31-32 would be as follows:

FY28-29	\$ (184,000,000)
FY29-30	\$ (75,000,000)
FY30-31	\$ (77,000,000)
FY31-32	\$ (78,000,000)

It is estimated that there will be minimal cost to the Department to implement the bill.

<b>Major Objects of Expenditure</b>							
<u>Class Code</u>	<u>Classification Title</u>	<u>21-22 FTE</u>	<u>22-23 FTE</u>	<u>23-24 FTE</u>	<u>21-22 Expenditures</u>	<u>22-23 Expenditures</u>	<u>23-24 Expenditures</u>
<b>Total</b>							

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**2021**

**LB<sup>(1)</sup> 84**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Department of Economic Development

Prepared by: <sup>(3)</sup> Anthony Goins Date Prepared: <sup>(4)</sup> 1/14/2021 Phone: <sup>(5)</sup> 402-471-3777

**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2021-22</u>		<u>FY 2022-23</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:**

LB 84 would add nuclear energy to the list of business activities at a qualified location for purposes of the ImagiNE Nebraska Act. Specifically, the bill would add nuclear to the list of sources of renewable energy used to produce electricity in section 77-6818(1)(p), and includes this addition for conducting performance audits of tax incentives in section 50-1209(4)(g).

LB 84 will have no fiscal impact. Any expansion of qualified business activities under the ImagiNE act remains subject to limitations on the use of credits.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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2021

LB<sup>(1)</sup> 84

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Department of Environment and Energy

Prepared by: <sup>(3)</sup> Dennis Burling Date Prepared: <sup>(4)</sup> 01/11/2021 Phone: <sup>(5)</sup> 402-471-4214

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____