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DATE PREPARED: February 17, 2011
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LB 362

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2011-12		FY 2012-13	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$2,322,000)		(\$4,704,000)
CASH FUNDS		\$2,500		\$2,500
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$2,319,500)		(\$4,701,500)

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

LB 362 amends the Nebraska Advantage Act to add a new Tier to the Act.

The bill creates Tier 7, which provides incentives for those companies engaged in the generation of electricity by renewable energy sources. Those sources are defined as wind, solar, geothermal, hydroelectric, and biomass energy.

The bill does not specify the levels of investment or employment that will be required of a Tier 7 project.

The application fee for a Tier 7 project is \$2,500, the attainment period is four years, and the entitlement period is seven years. The application fee is credited to the Nebraska Incentives Cash Fund.

The benefits for a Tier 7 project are the refund of sales and use taxes paid.

The Department of Revenue indicates the following fiscal impact of LB 362 to the General Fund:

FY2011-12:	(\$2,322,000)
FY2012-13:	(\$4,704,000)
FY2013-14:	(\$4,761,000)
FY2014-15:	(\$7,246,000)

The above impact is based on the assumption that the investment and employment levels will ensure that projects which are on the scale of one 80-megawatt facility will qualify. The figures also assume that one project will be built each fiscal year and one and a half in the final fiscal year. After this period, LB 362 is expected to cost the General Fund approximately \$10 million per year. No new applications can be accepted after the end of 2018.

Given the assumptions used, there is no basis to disagree with the Department of Revenue's estimate of fiscal impact.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	DATE	2/22/11	PHONE	471-2526
COMMENTS					
DEPT OF REVENUE – No basis upon which to disagree with the Department's analysis.					

