

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2013-14</b>		<b>FY 2014-15</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
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 150 amends Nebraska Revised Statutes regarding the tax paid on natural gas used as vehicle fuel.

The bill amends Sections 14-2138 and 14-2139 to exempt natural gas used a vehicular fuel from the retail tax paid by a metropolitan utilities district to every city of any class, including metropolitan class, and villages in which the district sells natural gas.

The current rate is two percent of annual gross revenue derived from all retail sales of water and gas.

The bill amends Section 77-2704.13 to add to the exemption from sales and use taxes provided in this section, the sales and purchase of certain fuels when more than fifty percent of such fuel is used in the compression of natural gas for retail sale as a vehicle fuel.

The bill has an operative date of October 1, 2013.

The Department of Revenue estimates the impact of LB 150 to be minimal at this time, but indicates that several factors could cause that to change. It is estimated that less than 0.1% of all motor vehicles in the state are powered by compressed natural gas (CNG), and most of those vehicles are owned by fleets. As gasoline prices rise, demand for CNG-powered motor vehicles is expected to rise dramatically. The U.S. Energy Information Administration projects that the use of natural gas as a fuel for motor vehicles will rise nearly 12% per year through 2040. As a result, the use of CNG will increase and the fiscal impact of LB 150 could be significantly higher in the future.

The Department indicates no cost to implement the provisions of LB 150.

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

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 150	AM:	AGENCY/POLT. SUB: Nebraska Department Roads	
REVIEWED BY: Cindy Miserez		DATE: 2/28/2013	PHONE: 402-471-4174
COMMENTS: I concur with the Nebraska Department of Roads' statement of fiscal impact.			

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

**2013**

**LB<sup>(1)</sup> 150 FISCAL NOTE**

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

Prepared by: (3) Becky Fleming Date Prepared: (4) 2/13/13 Phone: (5) 402-479-4692

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

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 150 changes the provision relating to the retail sale of natural gas by metropolitan utilities districts and to exempt sales and purchases of energy or fuel used in the compression of natural gas from sales and use taxes. Any retail sale of natural gas used as vehicular fuel will be exempt from sales and use tax.

At this time the Department of Revenue is determining the potential loss in sales and use tax if this bill were to pass. There is a potential of a minimal decrease in revenue received to the State Highway Capital Improvement Fund for the Department of Roads. The impact of the decrease will be based on what the finally analysis is from the Department of Revenue.

**MAJOR OBJECTS OF EXPENDITURE**

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

**State Agency Estimate**

State Agency Name: Department of Revenue		Date Prepared: 03/08/2013		Date Due LFA: 03/11/2013	
Approved by: Douglas Ewald				Phone: 471-5896	
<b>FY 2013-2014</b>		<b>FY 2014-2015</b>		<b>FY 2015-2016</b>	
	<u>Expenditures</u>	<u>Revenue</u>		<u>Expenditures</u>	<u>Revenue</u>
General Funds		(see below)			(see below)
Cash Funds		(see below)			(see below)
Federal Funds					
Other Funds					
Total Funds		(see below)			(see below)

LB 150 provides a sales tax exemption for purchases of energy when more than 50% of the amount purchased is for use directly in the compression of natural gas for retail sale as vehicle fuel. LB 150 also excludes retail sales of natural gas for vehicles from the 2% gross receipts tax imposed on municipal utilities districts.

While the estimated impact of the bill is expected to be minimal at the present time, several factors could cause that to change. Currently, it is estimated that less than 0.1% of all motor vehicles in Nebraska are powered by compressed natural gas (CNG), and most of those are owned by fleets. As gasoline prices continue to rise, demand for CNG-powered motor vehicles is expected to rise dramatically. The U.S. Energy Information Administration (EIA) projects that the use of natural gas as a fuel for motor vehicles will rise nearly 12% per year through 2040. In turn, the use of CNG will increase and the fiscal impact of LB 150 could be significantly higher in the future.

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

The operative date of the bill is October 1, 2013.

**Major Objects of Expenditure**

<u>Class Code</u>	<u>Classification Title</u>	<u>13-14</u> <u>FTE</u>	<u>14-15</u> <u>FTE</u>	<u>15-16</u> <u>FTE</u>	<u>13-14</u> <u>Expenditures</u>	<u>14-15</u> <u>Expenditures</u>	<u>15-16</u> <u>Expenditures</u>
	Benefits.....						
	Operating Costs.....						
	Travel.....						
	Capital Outlay.....						
	Aid.....						
	Capital Improvements.....						
	<b>Total.....</b>						