

revised to reflect amendments

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	136,300	(550,000)	59,000	(1,100,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	136,300	(550,000)	59,000	(1,100,000)

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

LB 343 allows a non-refundable income tax credit for taxpayers investing in a biodiesel facility. The credit is only allowed if the facility produces B100 biodiesel at a Nebraska plant, and 51% of the facility's ownership interest is held by Nebraska individuals.

The credit is for 30% of the amount invested by the taxpayer during a taxable year. The taxpayer may claim no more than 10% of the credit in either of the first two taxable years, and no more than 50% of the credit may be taken in each subsequent year. In no event may the credit allowed exceed 50% of the taxpayer's tax liability. The credit must be taken over at least four taxable years, and the credit not allowed may be carried forward for up to 15 years after the year the investment was made. The aggregate maximum income tax credit a taxpayer may receive is \$250,000.

As amended by AM661, LB 343 requires that investments be made before 2015. The amendment also allows for investments by cooperatives.

The Department of Revenue estimates the following revenue impact:

<u>Fiscal Year</u>	<u>Revenue</u>
2007-08	(550,000)
2008-09	(1,100,000)
2009-10	(2,200,000)
2010-11	(2,200,000)

The Department estimates \$74,200 of programming costs will be incurred. The remainder of the costs are associated with ongoing personnel related expenses.

Expense Items	FY08	FY09
Revenue Senior Auditor (1.0 FTE)	40,400	41,600
Benefits	13,800	14,200
Operating Expenses	82,100	3,200
Total	136,300	59,000

As amended by AM1146, LB 343 allows Nebraska residents a one time election to subtract from federal adjusted gross income the extra ordinary dividends paid on capital stock of a certain corporation. The bill defines extra ordinary dividends, and has an operative date of January 1, 2007.

Due to the rarity of extra ordinary dividend payments, the effect they have on the value of the stock, and the current allowance for subtraction of a one time capital gain, it is estimated that the fiscal impact associated with this provision will be immaterial.

IMPACT ON POLITICAL SUBDIVISIONS: The bill does not appear to have a material fiscal impact on political subdivisions.