

ONE HUNDRED FOURTH LEGISLATURE - FIRST SESSION - 2015
COMMITTEE STATEMENT
LB423

Hearing Date: Wednesday February 25, 2015
Committee On: Revenue
Introducer: Nordquist
One Liner: Change a renewable energy tax credit

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 6 Senators Brasch, Davis, Gloor, Harr, Scheer, Sullivan
Nay: 2 Senators Schumacher, Smith
Absent:
Present Not Voting:

Verbal Testimony:

Proponents:

Senator Jeremy Nordquist
Shelley Sahling-Zart
Adam Hirink
John Hansen
Todd Adamson
Graham Christensen
Rick Nelson
David Levy
Kenneth Winston

Representing:

Introducer
Lincoln Electric System, City of Lincoln
Bluestem Energy Solutions
Nebraska Farmers Union
Cherry County Wind Association
Burt County Wind Association
Custer Public Power District
Northeast Nebraska Public Power District
Nebraska Sierra Club

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

The intent of LB 423 is to enhance the state-level production tax credit for renewable electric generation facilities placed into operation on or after the date the act becomes operative. The credit would be calculated under one of two methods:

-a 1.5 cent tax credit per each kilowatt-hour of electricity generated by a renewable electric generation facility that qualifies as a community-based energy development project that begins commercial operation on or after the effective date of this act; or

-a one-time credit equal to 30 percent of the total cost of construction of any renewable electric generation facility that begins commercial operation on or after the effective date of this act. The credit shall not exceed \$2 million.

The producer earning the credit would select which of the methods to calculate the tax under and would have to notify the Department of Revenue of its selection

Explanation of amendments:

The amendment becomes the bill.

The amendment reduces the amount of the per kilowatt credit from 1.5 cents to a sliding scale of 1 cent for the first two years down to 0.6 cents for the last two years. The amendment also limits the transferability of credits to credits earned by facilities of twenty megawatts or less. It also clarifies that the credits may be used to offset income, premiums and financial institution taxes.

The Department of Revenue must be notified within fifteen calendar days of the transfer of any credits. The credit carry forward is reduced from seven years to five years.

The amendment provides that generating equipment located within one mile of other generating equipment of the same type and power source is treated as part of a single facility. An annual reporting requirement is imposed regarding the actual production at the facility for the previous year.

Mike Gloor, Chairperson