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DATE PREPARED: May 27, 2015  
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**LB 581**

Revision: 01

Updated to reflect all amendments adopted to date.

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

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2015-16</b>		<b>FY 2016-17</b>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(500,000)		
CASH FUNDS	500,000	500,000		
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	500,000	0		

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

LB 581 is the Nebraska Clean-burning Motor Fuel Development Act.

Section 2 provides definitions for the Act.

Section 3 requires the State Energy Office to offer a rebate for qualified clean-burning motor vehicle fuel property.

Section 4 creates the Clean-burning Motor Fuel Development Fund. Section 4(3) requires the State Treasurer to transfer \$500,000 from the General Fund to the Clean-burning Motor Fuel Development Fund within five days of the Act's effective date.

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

2015

LB<sup>(1)</sup> 581 AM 935 and AM 1743

FISCAL NOTE

State Agency OR Political Subdivision Name: <sup>(2)</sup> Nebraska Energy Office

Prepared by: <sup>(3)</sup> Danielle Jensen

Date Prepared: <sup>(4)</sup> 5/27/2015

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

	FY 2015-16		FY 2016-17	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		0		
CASH FUNDS	500,000			
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	500,000	0	0	0

**Explanation of Estimate:**

LB 581 allocates \$500,000 to the Energy Office to provide rebates and incentives under the Nebraska Clean-burning Motor Fuel Development Act.

In 2010, the Energy Office ran an appliance rebate program under the *American Recovery and Reinvestment Act*. Under this rebate program, over \$1.6 million in rebates were issued, and more than \$150,000, or close to 10% of the amount of rebates, was spent on operating costs. Operating costs included Energy Office personnel and the use of a rebate-processing firm.

Since this first program in Nebraska for this type of auto conversion, the number of rebates per year is undeterminable. Depending on the number of rebates, the Energy Office will determine whether current or temporary staff can be utilized, or if a rebate-processing firm is needed. Operating costs include development and printing of application forms and procedures, a database to maintain records of authorized mechanics to do this work, a database to maintain the rebate information, and a staff to conduct periodic checks on work completed to ensure compliance with the specifications of the rebate program.

The Energy Office estimates \$50,000, or 10% of the amount allocated, will be needed to administer the rebate program, which would be appropriated from the \$500,000 allocation to Cash Funds. The Energy Office does not have any unallocated funding to cover the operating costs of this program. All staff time is allocated to existing programs, almost all of which are federal programs. To redirect the time of any existing Energy Office staff to the rebate program, the Energy office will require the flexibility to use the program's operational funds for the payment of salaries (because the existing federal allocation to salaries will decline.)

In light of the adopted amendments, the bill is silent on what happens when the funding runs out and rebates are still submitted by those who qualify. As written, it appears that the State could still be liable for rebates that are submitted, whether or not funding is available. While the Energy Office assumes the program will terminate once the funding runs out, the legislation is not clear regarding that situation.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

POSITION TITLE	NUMBER OF POSITIONS		2015-16	2016-17
	15-16	16-17	EXPENDITURES	EXPENDITURES
Benefits.....				
Operating.....			50,000	
Travel.....				
Capital outlay.....				

Aid.....  
Capital improvements.....  
TOTAL.....

\_\_\_\_\_  
450,000  
\_\_\_\_\_  
\$500,000  
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