

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$123,310	\$0	\$25,711	(\$1,000,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$123,310	\$0	\$25,711	(\$1,000,000)

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

LB 215 creates the Nebraska E-15 Tax Credit Act.

E-15 means ethanol blended gasoline formulated with a percentage of 15% by volume of ethanol.

The bill provides for a refundable tax credit in an amount equal to 5 cents per gallon of E-15 gasoline sold by a retail dealer through a motor fuel pump at the retailer’s motor fuel site during the prior calendar year. The credit may be used against the taxpayer’s Nebraska income tax liability, insurance premium tax, or franchise tax for tax years beginning on or after January 1, 2018.

We should note that the credit would be refundable against individual and corporate income taxes and against the estate or trust income tax but is not refundable for beneficiaries of the estate or trust. While the credits may be used against the insurance premium tax and the financial institutions franchise tax, they are not refundable in those contexts.

Retail dealer is defined as a person engaged in the business of storing and dispensing motor fuel from a motor fuel pump for sale on a retail basis.

To receive the tax credit, the taxpayer is required to submit an application to the Department of Revenue and submit certain information specified in the bill. The Department of Revenue is to consider applications in the order they are received and may approve up to \$1,000,000 in tax credits in a calendar year. Any unused credit may be carried over until full utilized.

No new applications for credits are to be filed after December 31, 2022.

The Department of Revenue is given rule and regulation authority.

The Department of Revenue indicates the following fiscal impact to the General Fund as a result of the provisions of LB 215:

FY2017-18:	\$ 0
FY2018-19:	(\$ 1,000,000)
FY2019-20:	(\$ 1,000,000)
FY2020-21:	(\$ 1,000,000)

The Department of Revenue indicates that the bill will require a one-time charge of \$96,916, paid to the Office of the CIO, for mainframe programming and development costs. In addition, the Department will require 0.5 FTE Fiscal Compliance Analyst to monitor the anticipated activity associated with these changes. PSL for FY2017-18 is \$19,093 and for FY2018-19 it is \$19,332.

We agree with the Department’s estimate of fiscal impact and cost.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB:215	AM:	AGENCY/POLT. SUB: Ethanol Board
REVIEWED BY: Lyn Heaton	DATE: 2/1/2017	PHONE: (402) 471-4181
COMMENTS: Concur. No fiscal impact on the Ethanol Board.		

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

2017

LB⁽¹⁾ 215

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Ethanol Board

Prepared by: ⁽³⁾ Steve Sorum

Date Prepared: ⁽⁴⁾ 01/12/17

Phone: ⁽⁵⁾ 402-471-2941

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact on Agency 60 - Nebraska Ethanol Board

0

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
	<u>0</u>	<u>0</u>	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			_____	_____

State Agency Estimate

State Agency Name: Department of Revenue		Date Due LFA: 02/1/2017				
Approved by: Tony Fulton		Date Prepared: 02/01/2017				
		Phone: 471-5896				
	FY 2017-2018		FY 2018-2019		FY 2019-2020	
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>
General Funds	\$122,310	\$0	\$25,711	(\$1,000,000)	\$26,097	(\$1,000,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$122,310	\$0	\$25,711	(\$1,000,000)	\$26,097	(\$1,000,000)

LB 215 creates a new act called the Nebraska E-15 Tax Credit Act. It allows for any taxpayer who is a retail dealer (those who sell motor fuels on a retail basis) and who sells E-15 motor fuel (15 percent ethanol blend) at its retail location to be eligible to receive tax credits. Section 3 of the bill says the credits are refundable but the language harmonizing the credits with the current credits varies. The credits would be refundable against the individual and corporate income taxes and against the estate or trust income tax. It is not refundable for beneficiaries of the estate or trust. The credits may also be used against the insurance premiums tax or the financial institutions franchise tax and are not refundable in those contexts.

The credits equal five cents times the total number of gallons of E-15 sold by the retailer at that location during the previous calendar year. The credits may be claimed for tax years beginning on or after January 1, 2018. If the credits are distributed to a pass-through entity, they may be distributed to the partners, shareholders, beneficiaries, etc. in the same manner as income is distributed.

Motor fuel dealers are to apply to the Department for tax credits. Once the Department determines that an application is complete, the credits can be allowed on a first come, first served basis and the total amount of credits which can be allowed cannot exceed one million dollars in any calendar year. The taxpayer receives a certification of the amount of tax credits allowed.

There can be no new applications for credits after December 31, 2022. Any credits that have been approved and are pending at that time will be allowed. The Department may adopt regulations to carry out the act.

The estimated total reduction to the General Fund is as follows:

FY 2017-2018	\$	0
FY 2018-2019	\$	1,000,000
FY 2019-2020	\$	1,000,000
FY 2020-2021	\$	1,000,000

The bill will require a one-time charge of \$96,916 paid to the OCIO for mainframe programming and development costs. Also, the bill will require the addition of a 0.5 FTE Fiscal Compliance Analyst to monitor the anticipated activity associated with these changes.

Major Objects of Expenditure

		17-18	18-19	19-20	17-18	18-19	19-20
<u>Class Code</u>	<u>Classification Title</u>	<u>FTE</u>	<u>FTE</u>	<u>FTE</u>	<u>Expenditures</u>	<u>Expenditures</u>	<u>Expenditures</u>
A21211	Fiscal Compliance Analyst	0.5	0.5	0.5	\$19,093	\$19,332	\$19,622
	Benefits.....				\$6,301	\$6,379	\$6,475
	Operating Costs.....				\$96,916		
	Travel.....						
	Capital Outlay.....						
	Aid.....						
	Capital Improvements.....						
	Total.....				\$122,310	\$25,711	\$26,097