

FISCAL NOTE
Requested by Legislative Council
02/05/2007

Amendment to: SB 2288

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues				\$0		
Expenditures				\$9,600,000		\$16,000,000
Appropriations			\$3,000,000	\$17,000,000		

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2288 addresses renewable energy issues, including a Biomass Energy Center, establishes a renewable energy policy, an energy independence research council and an energy independence development fund.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 amends the subsidy limitations for the ethanol production incentive to allow up to \$1,600,000 per eligible facility in annual payments for up to 10 years.

The fiscal effect of this change is entirely dependent upon the number and size of additional ethanol plants and the price of corn and ethanol. Using current information, it is estimated that there would be three additional ethanol plants that would be eligible to receive this incentive the first year of the 2007-2009 biennium and an additional two ethanol plants the second year of the biennium. Assuming the worst case scenario that the price of ethanol and corn is such that these plants would receive the maximum \$1,600,000 per year, this could have a total potential fiscal impact of \$12.8 million for the 2007-2009 biennium. This is an additional fiscal impact of \$9,600,000 over the current potential impact of \$3,200,000 per biennium under the current statute.

There is one additional ethanol plant under consideration that may be eligible for incentives during the 2009-2011 biennium; which would bring the total to six. Thus the total potential fiscal impact would be \$19,200,000 for the 2009-2011 biennium, which is an additional fiscal impact of \$16,000,000 over the current potential impact of \$3,200,000 per biennium under the current statute.

Sections 2, 3, 4, and 5 deal with the Biomass Energy Center.

Section 6 deals with the balance in the ethanol production incentive fund.

Section 7 sets forth a renewable energy policy and creates a council.

Section 8 appropriates \$3 million in state general fund revenues and \$17 million in special funds.

Justin Dever, DOC (ph: 328-7258) contributed to this fiscal note.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and*

fund affected and any amounts included in the executive budget.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures shown are potential amounts that would be expended from the ethanol production fund relative to Section 1 of the bill. Revenues in the fund would not be sufficient to cover these expenditures.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The appropriations are contained in Section 8.

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