

FISCAL NOTE

Requested by Legislative Council
04/23/2007

Amendment to: Engrossed
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						
Expenditures				\$4,000,000		\$400,000
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).*

The First Engrossment with Conference Committee Amendments to SB 2288 makes changes to the ethanol subsidy limitations, creates a renewable energy council, and appropriates \$3,000,000 in general funds to a renewable energy 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 year per eligible facility in subsidy payments for up to 10 years. It also clarifies that obligations may not be carried forward from quarter to quarter.

The fiscal effect of this change is 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 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. If the price of ethanol and corn is such that each plant would receive the maximum \$1,600,000 per year, the plants would be eligible for a total of \$12.8 million in payments. The fund is estimated to have a total of \$7.2 million available for the 2007-2009 biennium, which would be the maximum amount that could be paid out. This amount is based upon an anticipated fund balance of approximately \$3.6 million at the end of the 2005-2007 biennium, and payments of approximately \$1.8 million per year to the fund. Without the changes in this bill, the maximum paid out would be \$3.2 million per biennium, so the additional fiscal impact is \$4 million for the 2007-2009 biennium.

If the \$7.2 million available during the 2007-2009 biennium is paid out, there would be an estimated \$3.6 million available in the fund for the 2009-2011 biennium. This would be an additional fiscal impact of \$400,000 over the present maximum of \$3.2 million per biennium.

Section 7 creates a renewable energy council which would make recommendations to the Industrial Commission concerning the renewable energy development fund.

Section 8 appropriates \$3 million in state general fund revenues and \$17 million in special funds for the purposes of carrying out the functions under Section 7.

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 could be expended from the ethanol production fund relative to Section 1 of the bill over and above what could be expended under current limits.

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 and include \$3 million in general funds and \$17,000,000 in special funds.

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