

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$3,996,000)		(\$6,394,000)
CASH FUNDS		(\$142,000)		(\$259,000)
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(\$4,138,000)		(\$6,653,000)

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

LB 672 seeks to amend the definition of depreciable agricultural machinery and equipment as it relates to the sales and use tax exemption allowed for the gross receipts from the sale, lease, or rental of such property. LB 672 defines agricultural machinery and equipment to be tangible personal property fulfilling one of the following purposes:

- Cultivating or harvesting of a crop;
- Raising or caring for animal life;
- Protecting the health and welfare of animal life; and
- Collecting or processing an agricultural product on a farm or ranch.

LB 672 provides examples of such property, which includes header trailers, head haulers, header transports, and seed tender trailers, but is not limited to this list.

LB 672 becomes operative October 1, 2021.

The Department of Revenue estimates that 4% of farm trailers registered in Nebraska would qualify for the exemption as depreciable header trailers, head haulers, and header transports, totaling \$4.8 million in value, which results in an increase in state sales tax revenue of less than \$300,000 per fiscal year. Additionally, the tax revenue collected from livestock improvement and construction expense in Nebraska is estimated at \$5.4 million. Using these two estimates, the Department of Revenue estimates the following revenue impact to the General Fund, the State Highway Capital Improvement Fund, and the Highway Allocation Fund:

	General Fund	State Highway Capital Improvement Fund	Highway Allocation Fund
FY21-22	(\$3,996,000)	(\$142,000)	(\$25,000)
FY22-23	(\$6,394,000)	(\$259,000)	(\$46,000)
FY23-24	(\$6,558,000)	(\$265,000)	(\$47,000)
FY24-25	(\$6,920,000)	(\$280,000)	(\$49,000)

The assumptions made by the Department appear reasonable, and there is no basis to disagree with the estimates provided.

The Department of Revenue estimates no costs to implement LB 672. There is no basis to disagree with this estimate.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 672	AM:	AGENCY/POLT. SUB: University of Nebraska	
REVIEW BY: Lee Will	DATE: 01/25/2021	PHONE: (402) 471-4175	
COMMENTS: Concur with the University of Nebraska's assessment of no fiscal impact.			

It is estimated that there will be no costs to DOR to implement this bill.

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

2021

LB⁽¹⁾ 672

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ University of Nebraska

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 21, 2021 Phone: ⁽⁵⁾ 402-472-7109

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</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:

The bill would change taxation of farm equipment, some of which is tested at UNL. There is no fiscal impact to the University.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____