

Law

PREPARED BY: Doug Gibbs
DATE PREPARED: January 31, 2012
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LB 752

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$ 73,132	(\$ 116,000)	\$ 0	(\$ 256,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$ 73,132	(\$ 116,000)	\$ 0	(\$ 256,000)

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 752 amends Nebraska Revised Statutes dealing with revenue and taxation.

The bill would provide a nonrefundable nontransferable income tax credit of 25% of the purchase price of eligible equipment or material to a qualified taxpayer. The effective date of the credit is January 1, 2013.

A qualified taxpayer is an individual or business who is a grape grower or wine producer and, if other than an individual, is headquartered and physically located in Nebraska and organized under Nebraska law.

Purchase price is defined as the retail or wholesale price of eligible equipment or material and does not include sales tax, delivery, shipping and handling, or installation costs.

To obtain the credit the taxpayer must apply to the Department of Revenue and specify the amount of credit requested. If the application is approved the Department calculates the amount of the credit and issues a certificate to the taxpayer as evidence of the credit.

Eligible equipment and eligible material generally means new equipment or material directly used in the growing of grapes or the production of wine. The definition in the bill lists a number of eligible items, some of which would be sales tax exempt as agricultural machinery and equipment.

The tax credit is available for three tax periods.

The Department of Revenue indicates the following fiscal impact as a result of LB 752:

FY2012-13:	(\$ 116,000)
FY2013-14:	(\$ 256,000)
FY2014-15:	(\$ 284,000)

The Department estimates the cost to implement the bill to include adding a line to the individual, and corporate income tax return forms, and a line to NebFile. This will incur a one-time charge from the OCIO for computer programming services of \$73,132.

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

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn Heaton	2/2/12	PHONE 471-2526
COMMENTS			
DEPT. OF REVENUE – No basis upon which to disagree.			

State Agency Estimate

State Agency Name: Department of Revenue	LEGISLATIVE FISCAL				Date Due LFA: 1/12/2012	
Approved by: Douglas Ewald	Date Prepared: 1/11/2012				Phone: 471-5700	
	FY 2012-2013		FY 2013-2014		FY 2014-2015	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue
General Funds	\$73,132	(\$116,000)	\$0	(\$256,000)	\$0	(\$284,000)
Cash Funds						
Federal Funds						
Other Funds						
Total Funds	\$73,132	(\$116,000)	\$0	(\$256,000)	\$0	(\$284,000)

LB 752 provides a nonrefundable, nontransferable income tax credit to qualified taxpayers in an amount equal to 25 percent of the retail or wholesale purchase price of new equipment and material used directly in the growing of grapes or the production of wine in Nebraska. The purchase price does not include sales tax, delivery charges, shipping and handling, or installation costs.

An individual, partnership, limited liability company, or corporation may apply for the credit. The Department reviews the request and issues a credit certificate to qualified taxpayers upon approval. Taxpayers, other than individuals, must be subject to income tax, organized, and physically located in the State to be eligible for the credit.

The effective date of the tax credit is January 1, 2013.

Based on 25 wineries, and 800 acres of grapes grown in Nebraska, the bill is estimated to reduce General Fund income tax revenues by \$0.116 million, \$0.256 million, and \$0.284 million in FY2012-13 through FY2014-15, respectively.

Costs to the Department to implement LB 752 will include adding a line to the individual, and corporate income tax returns, and a line to NebFile. The Department expects a one-time charge from the OCIO for computer programming services of \$73,132.

Major Objects of Expenditure

Class Code	Classification Title	12-13	13-14	14-15	12-13	13-14	14-15
		FTE	FTE	FTE	Expenditures	Expenditures	Expenditures
	Benefits.....						
	Operating Costs.....				\$73,132	\$0	\$0
	Travel.....						
	Capital Outlay.....						
	Aid.....						
	Capital Improvements.....						
	Total.....				\$73,132	\$0	\$0