PREPARED BY: DATE PREPARED: PHONE: Douglas Gibbs January 22, 2018 402-471-0051

LB 684

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT — STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2018-19		FY 2019-20			
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE		
GENERAL FUNDS						
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS						

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

LB 684 amends the Beginning Farmer Tax Credit Act.

The bill changes the Act by providing an increase in the tax credit percentage if the beginning farmer is a veteran. For cash rent agreements the percentage goes from 10% to 11% and for share rent agreements the percentage goes from 15% to 16%.

"Veteran" is given the same meaning as is found in Nebraska Revised Statutes Section 48-225 which defines "veteran" as:

- A person who served full-time duty with military pay and allowances in the armed forces of the United States, except for training or for determining physical fitness, and was discharged or otherwise separated with a characterization of honorable or general (under honorable conditions); or
- b) The spouse of a veteran who has a one hundred percent permanent disability as determined by the United States Department of Veterans Affairs.

The bill becomes operative for credits earned in tax years beginning on or after January 1, 2019.

The Department of Revenue estimates a minimal negative fiscal impact to General Fund revenue.

We agree with the Department of Revenue estimate of fiscal impact.

The Department of Revenue indicates that the cost to implement the provisions of LB 684 will be minimal.

We agree with the Department of Revenue's estimate of cost.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE					
LB: 684	AM:	AGENCY/POLT. SUB: [AGENCY/POLT. SUB: Dept. of Revenue		
REVIEWED BY: Lyn Heaton		DATE: 1/24/2018	PHONE: (402) 471-4181		
COMMENTS: Concur with the Department of Revenue's analysis that the bill will result in a reduction in General Fund revenue due to the increased credit percentages.					

LB 684 Fiscal Note 2018

State Agency Estimate							
State Agency Name: Department of Revenue Date Due LFA: 1/24/2018						1/24/2018	
Approved by: Tony Fulton		Date Prepared:	1/23/2018		Phone: 471-5896		
	FY 2018-2019		FY 2019-2020		FY 2020-2021		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds							
Cash Funds							
Federal Funds							
Other Funds							
Total Funds							
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LB 684 amends the Beginning Farmer Tax Credit Act to provide a higher credit to owners of agricultural assets who enter into leases with veterans. The bill incorporates the definition of veteran found in Neb. Rev. Stat. § 48-225.

For cash rent agreements, the credit shall remain 10% of the gross rental income if the qualified beginning farmer or livestock producer involved is not a veteran. However, if the beginning farmer or livestock producer involved in the cash rent agreement is a veteran, the credit shall be 11%.

For share rent agreements, the credit shall remain 15% of the gross rental income if the qualified beginning farmer or livestock producer involved is not a veteran. However, if the beginning farmer or livestock producer involved in the share rent agreement is a veteran, the credit shall be 16%.

The changes will be operative for tax years beginning on or after January 1, 2019.

It is estimated that this bill will have a minimal negative impact on General Fund revenues.

It is estimated that there will be minimal costs to the Department to implement this bill.

Major Objects of Expenditure							
Class Code	Classification Title	18-19 <u>FTE</u>	19-20 <u>FTE</u>	20-21 <u>FTE</u>	18-19 Expenditures	19-20 Expenditures	20-21 Expenditures
Renefits							
Benefits							
Capital Outlay							
	iits.						