PREPARED BY: DATE PREPARED: PHONE: Clinton Verner January 14, 2022 402-471-0056

LB 802

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT - STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2022-23		FY 2023-24			
	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.

LB802 would eliminate the checkoff collected by the Nebraska Wheat Board under the following circumstances:

- Wheat sold for the purpose of use as seed; and
- Any purchase from mortgagee, pledgee, lienor, or other person having a claim against the grower.

LB802 would expand the Nebraska Wheat Board's duties to include:

- The acquisition of ownership rights, including intellectual property rights, to any variety of wheat;
- The development, production, marketing, and sale of seed for any wheat variety owned by the board;
- Cooperate and provide grants to individuals or entities in the private sector for:
 - o Research:
 - Accumulation of data;
 - Development of new varieties of wheat;
 - Securing plant variety protection under federal law when possible;
 - o Securing intellectual property rights relating to development of new varieties of wheat when possible;
 - o Producing wheat for seed and selling seed; and
 - Construction of ethanol production facilities.

LB802 would require first purchasers to maintain a record of all settlements wherein an excise tax was not deducted from the payment to the grower, information of the net market value of wheat sold, and number of bushels of wheat sold.

LB802's checkoff elimination would only affect the checkoff collected on commercial sales, which is .04% of the net market value of wheat sold. Any impact as a result of this is expected to be minimal. In addition, revenues from development and securing variety protections are unknown, with minimal impact within this biennium.

Any fiscal impact will be to the Nebraska Wheat Board's cash fund.

LB ⁽¹⁾ 802		FISCAL NOTE
State Agency OR Political Subdivision Name: (2)	Nebraska Wheat Board	
Prepared by: (3) Royce Schaneman, Executive Director	Date Prepared: (4) 1/13/22	Phone: (5) 402-471-2358

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2022	<u>-23</u>	<u>FY 20</u>	FY 2023-24			
	EXPENDITURES	<u>REVENUE</u>	EXPENDITURES	<u>REVENUE</u>			
GENERAL FUNDS	0	0	0	0			
CASH FUNDS	0	0	0	0			
FEDERAL FUNDS	0	0	0	0			
OTHER FUNDS	0	0	0	0			
TOTAL FUNDS	0	0	0	0			

Explanation of Estimate:

LB 802 would update provisions of the Nebraska Wheat Resources Act. Currently, wheat producers pay the excise tax when wheat is under loan. This update would eliminate the excise tax collection on loan grain and make the collection at the point of first sale. This would help eliminate unintentional double collection of the excise tax, requiring reimbursement. There would be minimal fiscal impact regarding LB 802. By only collecting on the first sale and not on loan grain, this would eliminate double collections and eliminate the time and effort to reimburse any inadvertent overpayment reimbursements.

LB 802 clarifies that the excise tax will not be collected on wheat sold as seed. The excise tax has not been collected on wheat for seed use. There would no fiscal impact.

LB 802 authorizes the wheat board to invest in seed development entities and exercise ownership rights of varieties to market varieties developed by Nebraska wheat research funding. More effective marketing of varieties produced with producer investment will allow Nebraska producers early access to higher yielding varieties with higher end-use quality, allowing for greater profitability. Investing in variety marketing could result in a minimal fiscal impact due to a potential increase in royalty revenue from license agreements and increased seed sales.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services: NUMBER OF POSITIONS 2022-23 2023-24 POSITION TITLE <u> 22-23</u> **EXPENDITURES EXPENDITURES 23-24** Benefits.... Operating..... Travel..... Capital outlay..... Aid..... Capital improvements..... TOTAL.....

LB 802 Fiscal Note 2022

		State Agency	Estimate				
State Agency Name: Department	of Revenue				Date Due LFO:		
Approved by: Tony Fulton		Date Prepared:	1/13/2022		Phone: 471-5896		
	FY 2022	FY 2022-2023		FY 2023-2024		FY 2024-2025	
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds	İ	\$ 0	Ī	\$ 0		\$ 0	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		\$ 0		\$ 0		\$ 0	

LB 802 amends Neb. Rev. Stat. §§ 2-2303, 2-2309, 2-2311, 2-2312, 2-2315, and 2-2318 of the Nebraska Wheat Resources Act to redefine terms; to change powers of the Nebraska Wheat Development, Utilization, and Marketing Board; to change provisions relating to the excise tax collected on wheat; to change provisions relating to the cooperative authority of the board; to harmonize provisions; and to repeal the original sections.

LB 802 amends the terms in Neb. Rev. Stat. § 2-2303 as follows:

- 1. Commercial channel is amended to mean the sale of wheat for any use when the buyer resells or intends to resell any wheat or product produced from wheat for a purpose other than for use as seed.
- 2. First purchaser means any individual or, public or private corporation, association, partnership, limited liability company, or other business entity, if the individual or entity buys, accepts for shipment, or otherwise acquires the property in or to wheat from a grower for a purpose other than for use as seed.
- 3. First purchaser must not include a public or private mortgage pledgee, lienor, or other person having a claim against the grower when the actual or constructive possession of the wheat is taken as part payment or in satisfaction of a mortgage, pledge, lien, or claim.
- 4. Sale does not include a pledge or mortgage of wheat to any individual or public or private entity.

It is estimated that this bill will have no impact on the General Fund revenues.

It is estimated that there will be no costs to the Department of Revenue to implement this bill.

The operative date for this bill is three months after adjournment.

Major Objects of Expenditure							
Class Code	Classification Title	22-23 <u>FTE</u>	23-24 <u>FTE</u>	24-25 <u>FTE</u>	22-23 Expenditures	23-24 Expenditures	24-25 <u>Expenditures</u>
Benefits	Benefits						
Operating Costs							
Capital Outlay							
T-4-1							