

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$9,738	\$0	\$0	(\$6,140,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$9,738	\$0	\$0	(\$6,140,000)

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

LB 309 would amend Section 77-2716 to provide an exclusion of long-term capital gain income from the sale of certain real property from the calculation of federal adjusted gross income for tax years beginning on or after January 1, 2010.

The bill provides that the sale of real property used in a business in which the taxpayer has participated for 10 years, or the sale of business assets which the taxpayer has owned for a minimum of 10 years, to a beginning farmer or small business person shall be exempt from the calculation of federal adjusted gross income for Nebraska income tax purposes. The bill also provides a definition of beginning farmer and small business person.

Technical Note: The definition of beginning farmer appears to impose some qualifying or reporting requirements in order to establish eligibility for "assistance" but fails to say to whom those reports should be made and what type of assistance is being sought.

The Department of Revenue estimates LB 309 to have the following fiscal impact to the General Fund:

FY2009-10:	\$ 0
FY2010-11:	(\$6,140,000)
FY2011-12:	(\$6,473,000)
FY2012-13:	(\$6,821,000)

The Department also estimates a one-time cost for mainframe programming of \$9,738.

There is no basis to disagree with the Department of Revenue's estimate of fiscal impact.

IMPACT TO POLITICAL SUBDIVISIONS:

There is no discernable fiscal impact to political subdivisions associated with this bill.