

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(See below)		(3,500,000 to 5,000,000)
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		(See below)		(3,500,000 to 5,000,000)

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

LB 922 would modify the Beginning Farmer Tax Credit Act by revising the maximum net worth of a qualified beginning farmer or livestock producer. The current maximum net worth is \$200,000; LB 922 would increase the limit to \$500,000. The base year used for net worth inflation calculations would also be revised from 2008 to 2014.

It is estimated that an increase in the maximum net worth limit would broaden the eligible beginning farmer participant base and could increase program participation in the tax credit program. The actual revenue loss would depend upon the number of qualified beginning farmers and owners of agricultural assets who enter into agreements that allow for participation in the program. Based upon past program usage and the increase in the net worth limit, it is estimated that \$3,500,000 to \$5,000,000 in additional tax credits may be claimed, resulting in a General Fund revenue loss. It is estimated that some revenue loss may be seen in FY14-15, but that a higher revenue loss would be seen in FY15-16 as program participation increases.

It is estimated that the administrative workload created by LB 922 could be carried out within the existing Department of Agriculture budget.

ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSES		
LB: 922	AM:	AGENCY/POLT. SUB: Department of Agriculture
REVIEWED BY: Lyn Heaton	DATE: 2/14/2014	PHONE: 402.471.4181
COMMENTS: The Department of Agriculture's estimate of minimal operational fiscal impact appears reasonable.		

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

2014

LB⁽¹⁾ 922

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾

Department of Agriculture

Prepared by: ⁽³⁾ Robert Storant

Date Prepared: ⁽⁴⁾ 02/12/2014

Phone: ⁽⁵⁾ 402-471-6821

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2014-15</u>		<u>FY 2015-16</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:

LB 922 would increase from \$200,000 to \$500,000 the net worth limit a potential beginning farmer can have to qualify as a beginning farmer. The bill also changes the producer price index used for the annual net worth adjustment from 2008 to 2014 beginning October 1, 2015.

The department anticipates an undeterminable increase in the number of beginning farmer applications received. It is anticipated there will be a gradual increase in applications as potential beginning farmers are made aware of the program changes in qualification, and those who have been determined not eligible may reapply based on the increased net worth. Due to the tax credit taking place in the calendar year following the year taxes are paid, there may not be an immediate fiscal impact on the amount of tax credits granted. The department has no projection on the amount of tax credits owners would receive. Under current law, program utilization and amount of tax credits reported are:

	Calendar Year 2010	Calendar Year 2011	Calendar Year 2012	Calendar Year 2013
Number of applications received	58	66	41	61
Number of owners receiving a tax credit	216	244	187	158
Average tax credit per owner	\$6,761	\$5,678	\$4,926	\$5,303
Tax credits issued to owners	\$1,460,453	\$1,385,531	\$921,196	\$837,860

The department doesn't anticipate a need for additional staff. There may be a need for additional board meetings resulting in a minimal fiscal impact to the department for publishing meeting notices, printing of materials and board travel expenses.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2014-15</u> <u>EXPENDITURES</u>	<u>2015-16</u> <u>EXPENDITURES</u>
	<u>14-15</u>	<u>15-16</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

