Keisha Patent March 18, 2019 402-471-0059

LB 560

Revision: 00 FISCAL NOTE LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)								
	FY 201	9-20	FY 2020-21					
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE				
GENERAL FUNDS		\$650,000		\$710,000				
CASH FUNDS								
FEDERAL FUNDS								
OTHER FUNDS								
TOTAL FUNDS		\$650,000		\$710,000				

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

LB 560 amends the Beginning Farmer Tax Credit Act to (1) clarify that the tax credit allowed under the act is refundable and (2) limit a qualified beginning farmer or livestock producer to participating in one three-year rental agreement with an owner of agricultural assets unless the agreement is terminated through no fault of the beginning farmer or producer.

Revenue:

The Department of Revenue estimates the limitation on participating in one three-year lease will result in a reduction in credits of approximately 50%, resulting in the following revenue to the General Fund:

Fiscal Year	General Fund			
FY 19-20	\$650,000			
FY 20-21	\$710,000			
FY 21-22	\$775,000			
FY 22-23	\$845,000			

Expenditures:

The department estimates no cost to implement the bill.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE						
LB: 560 AM: AGENCY/POLT. SUB: Department of Revenue						
REVIEWED BY:	Lee Will	DATE: 3/14/2019	PHONE: (402) 471-4175			
COMMENTS: No basis to disagree with the Department of Revenue's assessment of fiscal impact.						

Fiscal Note 2019

State Agency Estimate								
State Agency Name: Department of Revenue Date Due LFA:						3/15/19		
Approved by: Tony Fulton Date Prepared:			3/13/19		Phone: 471-5896			
	FY 2019-2020		FY 2020-2021		FY 2021-2022			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds	\$0	\$650,000	\$0	\$710,000	\$0	\$775,000		
Cash Funds								
Federal Funds								
Other Funds								
Total Funds	\$0	\$650,000	\$0	\$710,000	\$0	\$775,000		

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LB 560 amends the Beginning Farmer Tax Credit Act to provide that a qualified beginning farmer and an owner of agricultural assets may only participate in one three-year rental agreement, unless the rental agreement is terminated prior to the end of the three-year period through no fault of his or her own.

LB 560 also includes language that clarifies that credits received pursuant to this Act are refundable. The Department has always treated the credits as refundable, however this bill resolves a conflict in the current statutes.

These changes would significantly reduce the number of applications. While it is difficult to determine the reduction in tax credits since multiple asset owners would simply choose the highest lease agreement to enroll in, the Department estimates an approximately 50 percent reduction in tax credits. Consequently, it is estimated that the total General Fund increase will be the following:

FY 2019-2020	\$ 650,000
FY 2020-2021	\$ 710,000
FY 2021-2022	\$ 775,000
FY 2022-2023	\$ 845,000

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

Major Objects of Expenditure									
Class Code	Classification Title	19-20 <u>FTE</u>	20-21 <u>FTE</u>	21-22 <u>FTE</u>	19-20 <u>Expenditures</u>	20-21 <u>Expenditures</u>	21-22 <u>Expenditures</u>		
Benefits	Benefits								
Operating Costs									
Travel									
Capital Outlay									
Capital Improvements									
Total									