## 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								
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 5 amends the Beginning Farmer Tax Credit Act to increase the tax credit available to an owner of an agricultural asset who enters into a rental agreement with a qualified beginning farmer or livestock producer who is a veteran.

The bill uses the definition of "veteran" found in section 48-225, which is:

- 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
- The spouse of a veteran who has a 100% permanent disability as determined by the United States Department of Veterans Affairs.

Under the bill, for cash rent agreements, the tax credit percentage is increased from 10% to 11% of gross rental income, and for share rent agreements, the tax credit percentage is increased from 15% to 16% of gross rental income. The bill is operative for tax years beginning on or after January 1, 2020.

The Department of Revenue estimates a minimal impact to General Fund revenues and minimal costs to implement this bill.

## Fiscal Note 2019

State Agency Estimate								
State Agency Name: Department of Revenue Date Due LFA: 1/17/19								
Approved by: Tony Fulton Date Prepare			: 1/17/19		Phone: 471-5896			
	FY 2019-2020		FY 2020-2021		FY 2021-2022			
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue		
General Funds								
Cash Funds								
Federal Funds								
Other Funds								
Total Funds								
					_			

LB 5 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 famer 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, 2020.

In 2017, the number of returns that claimed the Beginning Farmer Tax Credit was 210 with median credit amount approximately \$2,650. While historically veteran status has not been collected for beginning farmers, veterans represent approximately 6.6 percent of the state's population. Thus, it is estimated that the marginal increase in credit rate should have minimal negative impact on the 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	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									
Operating Costs									
Travel									
Capital Outlay									
Capital Improvements									
Total									