PREPARED BY: DATE PREPARED: PHONE: Austin Ligenza January 19, 2022 (402)471-0050

## **LB 1103**

Revision: 00

## **FISCAL NOTE**

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)						
	FY 2022-23 EXPENDITURES REVENUE		FY 2023-24			
			EXPENDITURES	REVENUE		
GENERAL FUNDS		(\$9,840,000)		(10,332,000)		
CASH FUNDS						
FEDERAL FUNDS						
OTHER FUNDS						
TOTAL FUNDS		(\$9,840,000)		(10,332,000)		

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

LB 1103 amends the Beginning Farmer Tax Credit Act. Under LB 1103, farm is redefined to mean any improved or unimproved tract of land, and the 10 acre minimum requirement is removed.

Additionally, the maximum net worth for a beginning farmer or livestock producer to qualify for the credit is increased from \$250,000 to \$1,000,000. For purposes of determining net worth, LB 1103 excludes any pension, retirement, or any other deferred benefit accounts.

The Department of Revenue estimates the following impact on General Fund revenues:

- FY22-23: (\$9,840,000)
- FY23-24: (\$10,332,000)
- FY24-25: (\$10,859,000)

The Department of Revenue estimates no costs to implement LB 1103.

There is no basis to disagree with these estimates.

State Agency Estimate							
State Agency Name: Department of	of Revenue				Date Due LFO:		
Approved by: Tony Fulton Date Prep		Date Prepared:	1/25/2022	Phone: 471-5896			
	FY 2022-2023		FY 2023-2024		FY 2024-2025		
	Expenditures	Revenue	Expenditures	Revenue	Expenditures	Revenue	
General Funds		(\$9,840,000)		(\$10,332,000)		(\$10,859,000)	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds		(\$9,840,000)		(\$10,332,000)		(\$10,859,000)	

LB 1103 amends the Beginning Farmer Tax Credit Act. The bill changes the definition of farm to mean any improved or unimproved tract of land used for or devoted to the commercial production of farm products. It eliminates from the definition that the tract of land must be over 10 acres in area.

LB 1103 provides that a qualified beginning farmer or livestock producer is an individual with a net worth of no more than \$1 million, an increase from \$200,000, including any holdings by a spouse or dependent, based on fair market value. The bill adds that the net worth determination excludes any pension, retirement, or other types of deferred benefit accounts owned by the beginning farmer or livestock producer, including accounts owned by a spouse or dependent.

Using data from the United States Department of Agriculture to determine the number of newly eligible farms resulting from the change in eligibility requirements proposed in LB 1103, Department of Revenue (DOR) estimates the total reduction to the General Fund revenues as follows:

FY 2022-23	\$ 9,840,000
FY 2023-24	\$ 10,332,000
FY 2024-25	\$ 10,859,000

LB 1103 becomes operative three months after adjournment.

It is estimated that there are minimal costs to DOR to implement this bill.

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 Expenditures
Benefits							
					\$0		
Capital Outlay							
					\$0		