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PREPARED BY: Jeanne Glenn
DATE PREPARED: March 26, 2012
PHONE: 471-0056

LB 905

Revision: 01

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

Revised based upon amendments adopted on General File

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2012-13		FY 2013-14	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	160,000	160,000	400,000	400,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	160,000	160,000	400,000	400,000

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

LB 905 would change the method used to assess the excise tax deposited in the Nebraska Wheat Development, Utilization and Marketing Fund. Current law provides for a per bushel assessment of 1 and ¼ cents; LB 905 would amend the excise tax to be four-tenths percent of the net market value of wheat sold through commercial channels in Nebraska. The revised assessment would become effective on October 1, 2012. After October 1, 2014, the Nebraska Wheat Development, Utilization and Marketing Board would be allowed to increase or decrease the excise tax. Any increase would be capped at five tenths percent of net market value.

Information received from the Nebraska Wheat Board indicates that if an excise tax of four-tenths percent of the net market value had been in effect during the last 2 years, revenue would have ranged from \$1,384,000 to \$1,453,000. The existing per-bushel excise tax has yielded amounts ranging from \$800,000 to \$815,000 in the last 2 years. Based upon this information, the increase in revenue to the Wheat Board could range from \$550,000 to \$650,000 per year.

An increased cash fund expenditure authority would be necessary as a result of LB 905. Because the agency cash fund appropriation is currently \$1,338,330, there is no basis to disagree with the agency estimate of the need for an additional \$160,000 in expenditure authority in FY12-13 and \$400,000 in FY13-14. The amount of expenditure authority required will depend upon revenue received into the fund, based upon the level of wheat production and market rates. The agency notes that the increased funds would be used to increase and upgrade a .75 FTE position to a full-time position.

LB 905 would also allow the Nebraska Wheat Development, Utilization and Marketing Fund to receive gifts, grants, bequests or other contributions from public and private entities, including license fees and royalties. Current law does not allow the fund to receive sources of revenue other than the excise tax. There may be a small increase in revenue as a result of these provisions, but the amount cannot be estimated at this time.

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LEGISLATIVE FISCAL

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

LB⁽¹⁾ 905 FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Agriculture

Prepared by: ⁽³⁾ Robert Storant Date Prepared: ⁽⁴⁾ 3/2/12 Phone: ⁽⁵⁾ 402-471-6821

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2012-2013</u>		<u>FY 2013-2014</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 905 with AM 2197 changes and updates provisions of the Nebraska Wheat Resources Act. There will be a minimal fiscal impact to the Department with the passage of this bill to change the computer system with the new rates and to notify first purchasers of the rate change.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2012-2013</u>	<u>2013-2014</u>
	<u>12-13</u>	<u>13-14</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	=====	=====	=====	=====

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

LB⁽¹⁾ 905 FISCAL NOTE

LEGISLATIVE FISCAL

State Agency OR Political Subdivision Name: (2) Nebraska Wheat Board

Prepared by: (3) Royce Schaneman Date Prepared: (4) 03/05/2012 Phone: (5) 471-4873

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2012-2013</u>		<u>FY 2013-2014</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	160,000	160,000	400,000	400,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	160,000	160,000	400,000	400,000

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 905 with AM 2197 would change the wheat check-off assessment from a .0125 per bushel rate to .004 (.4%) per market value, expand the authority of the Wheat Development, Utilization and Marketing Fund to receipt funds from repayments, license fees or royalties and eliminate the requirement contracts cannot exceed one year in duration.

Nebraska's check-off rate was last increased in 1989 and is one of the lowest in the nation. As wheat acres have declined this has not enabled Nebraska to keep current with the other major wheat producing states. Using market value, bushels produced and price will determine the amount of check-off revenue collected. Based on USDA statistics following is a comparison of the difference in the amount of revenue that would be collected using historical information.

<u>Harvest Year</u>	<u>Harvested acres</u>	<u>Bushels Produce</u>	<u>Collection @ .0125</u>	<u>Avg. Price</u>	<u>Collection @ .4%</u>
2011	1,450,000	65,250,000	\$ 815,625	N/A	N/A
2010	1,490,000	64,070,000	\$ 800,875	\$5.40	\$1,383,912
2009	1,600,000	76,800,000	\$ 960,000	\$4.73	\$1,453,056
2008	1,670,000	73,480,000	\$ 918,500	\$6.60	\$1,939,872
2007	1,960,000	84,280,000	\$1,053,500	\$5.82	\$1,962,038
2006	1,700,000	61,200,000	\$ 765,000	\$4.57	\$1,118,736

The amendment removes the emergency clause and changes to October 1, 2012 the operative date the bill would go into effect. For the last three years between 50%-70% of each year's wheat crop was marketed in the July-September time frame. For FY 2012-13 the estimate used is that 60% of 2012's crop will be marketed during the July-September timeframe under the current check-off rate.

Current agency cash fund appropriation for FY 2012-13 is \$1,338,330. It is unknown what the final acres to be harvested will be in July, 2012, what the price will be and when the wheat will be marketed. The fiscal note requests the cash fund appropriation be increased by \$160,000 for FY 2012-13 to reflect estimated additional revenue that maybe collected. It is also the board's desire to utilize a 1.0 FTE Agriculture Promotion Coordinator position in instead of the current .75 Public Information Officer. The adjustment in classification and to make the position a 1.0 FTE is reflected in the personal salary ceiling below.

Section 8 is amended to remove language relative to depositing funds acquired from gifts, grants, bequests or other contributions. There was minimal to no revenue projected in the previous estimate resulting in a minimal impact to the revenue projection.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2012-2013</u>	<u>2013-2014</u>
	<u>12-13</u>	<u>13-14</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Agriculture Promotion Coordinator	.25 FTE	.25 FTE	21,700	21,700
Benefits.....				
Operating.....			138,300	378,300
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			160,000	400,000