

Testimony LB986
Revenue Committee
February 14, 2012

Ms. Chairman and members of the Revenue Committee:

The Nebraska Corn Growers Association (NeCGA) supports LB986.

Nebraska's commercial agriculture industry requires an expansive and expensive investment in machinery and equipment. Agricultural machinery and equipment accumulates substantial hours of use annually in often less than ideal operating conditions. Repairs and maintenance of agricultural machinery and equipment are necessary to keep the assets functional.

Buying new machinery and equipment with warranty coverage would protect farmers and ranchers from repair costs and sales tax expense. However, due to the significant initial cost and uncertainty of profitability, many farmers and ranchers rely on older, aged equipment to perform the operations necessary to sustain crop and livestock production. Even with annual maintenance programs, older high-hour machines break down, requiring repair parts. Repair costs to maintain functionality and useful life can often approach a significant percentage of original cost.

The sales tax on agricultural machinery and equipment repair parts unfairly impacts producers who utilize an older, functional line of machinery and equipment.

NeCGA requests the committee advance either LB986.