

CORRECTED COPY

LEGISLATIVE BILL 5

Approved by the Governor February 6, 1993

Introduced by Executive Board: Warner, 25, Chairperson

AN ACT relating to income taxation; to amend sections 19-4617, 77-2715.07, and 81-1632, Reissue Revised Statutes of Nebraska, 1943, and sections 57-705 and 77-2734.03, Revised Statutes Supplement, 1992; to eliminate renewable energy source tax credits which terminated on December 31, 1989; to eliminate funding provisions; to harmonize provisions; and to repeal the original sections, and also sections 66-1029 to 66-1055, Reissue Revised Statutes of Nebraska, 1943.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 19-4617, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

19-4617. (1) There is hereby created the Municipal Natural Gas Regulation Revolving Loan Fund which shall be used to make loans to municipalities for rate regulation and to pay the costs of administration. The fund shall consist of money appropriated ~~from the Nebraska Energy Resource Fund prior to July 1, 1990, and~~ from the Severance Tax Fund ~~on and after July 1, 1990,~~ and money from repayment of loans. The Municipal Natural Gas Regulation Revolving Loan Fund shall be administered by the Governor's Policy Research Office which shall adopt and promulgate rules and regulations to carry out this subsection. The rules and regulations shall include:

- (a) Loan application procedures and forms; and
- (b) Fund-use monitoring and quarterly accounting of fund

use.

Applicants for a loan from the fund shall provide a budget statement which specifies the proposed use of the loan proceeds. Such proceeds may only be used for the costs and expenses incurred by the municipality to analyze rate filings and establish areawide rates and to finance litigation costs of any appeals. Such costs and expenses may include the cost of rate consultants, attorneys, hearing officers, preparation of transcripts and hearing records provided for by the Municipal Natural Gas Regulation Act, expert witnesses, and any other necessary costs related to the conduct and administration of the hearing provided for in subsection (4) of section 19-4616. One loan may be made under this subsection to each rate area, and such loan shall be made to the applicant representing the largest number of customers. All loans made under this subsection shall be paid by the utility to the Governor's Policy Research

Office within thirty days of being billed by the office. The utility may recover the amount paid on a loan through a special surcharge on customers which may be billed on the monthly statements for up to a twelve-month period to be shown on the statements as a charge for rate regulation expense.

(2) The ~~Municipal Natural Gas Regulation Revolving Loan Fund~~ fund shall be audited as part of the regular audit of the Governor's Policy Research Office budget and copies of the audit shall be available to all municipalities and any utility supplying natural gas in this state.

(3) Any money in the ~~Municipal Natural Gas Regulation Revolving Loan Fund~~ fund available for investment shall be invested by the state investment officer pursuant to sections 72-1237 to 72-1276. If the fund balance exceeds four hundred thousand dollars, the income on the money in the fund shall be credited to the permanent school fund until the balance of the ~~Municipal Natural Gas Regulation Revolving Loan Fund~~ fund falls below such amount.

(4) A municipality which receives a loan under this section shall be responsible to provide for the opportunity for all other municipalities to participate in all rate area activities. Such municipality shall not exclude any other municipality in the rate area from the information or benefits accruing from the use of the loan funds.

Sec. 2. That section 57-705, Revised Statutes Supplement, 1992, be amended to read as follows:

57-705. (1) All severance taxes levied by Chapter 57, article 7, shall be paid to the Tax Commissioner. He or she shall ~~pay to the State Treasurer~~ remit all money so received ~~to the State Treasurer.~~ All such sums of money received by the State Treasurer shall be ~~placed by him or her in~~ credited to a fund to be known as the Severance Tax Fund. An amount equal to one percent of the gross severance tax receipts, excluding those receipts from tax derived from oil and natural gas severed from school lands, ~~so placed in such~~ credited to the fund shall be credited by the State Treasurer, upon the first day of each month, and shall inure to the Severance Tax Administration Fund to be used for the expenses of administering Chapter 57, article 7. The balance of the Severance Tax Fund received from school lands shall be credited by the State Treasurer, upon the first day of each month, and shall inure to the permanent school fund, ~~as established in Article VII, section 7, of the Constitution of Nebraska.~~

(2) ~~Of the balance of the Severance Tax Fund received from other than school lands prior to July 1, 1990, (a) five hundred thousand dollars annually shall be allocated to the Nebraska Energy Resource Fund, which fund is hereby created; and (b) the remainder shall be allocated to the School Weatherization Fund, which fund is hereby created. For fiscal years 1984-85, 1985-86, 1986-87, 1987-88, 1988-89, and 1989-90, the Legislature may appropriate for each year from the Nebraska Energy Resource Fund two hundred thousand dollars to the State Energy Office for the purpose of carrying out sections 66-1029 to~~

~~66-1055 and for energy conservation purposes and providing technical assistance in developing alternate sources of energy, one hundred thousand dollars to the Nebraska Gasohol Committee, and two hundred thousand dollars to the Department of Revenue to assist in the administration of sections 66-1029 to 66-1055 and Chapter 57, article 7; except that money in the Nebraska Energy Resource Fund may be transferred to the General Fund at the direction of the Legislature.~~

(2) Of the balance of the Severance Tax Fund received from other than school lands ~~on and after July 1, 1990~~, (a) the Legislature may transfer an amount to be determined by the Legislature through the appropriations process up to two hundred fifty thousand dollars for each year to the State Energy Office Cash Fund, (b) the Legislature may transfer an amount to be determined by the Legislature through the appropriations process up to thirty thousand dollars for each year to the Governor's Policy Research Office for administration of the Municipal Natural Gas Regulation Revolving Loan Fund, and (c) the remainder shall be credited and inure to the permanent school fund.

Sec. 3. That section 77-2715.07, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-2715.07. (1) There shall be allowed to qualified resident individuals as a credit against the tax imposed by sections 77-2714 to 77-27,123:

(a) A credit equal to the federal credit allowed under section 22 of the Internal Revenue Code;

(b) A credit equal to twenty-five percent of the federal credit allowed under section 21 of the Internal Revenue Code; and

(c) A credit for taxes paid to another state as provided in section 77-2730.

(2) There shall be allowed to all individuals as a credit against the tax imposed by the Nebraska Revenue Act of 1967:

~~(a) A carryover of the credit for renewable energy source systems as provided under section 66-1047; and~~

~~(b) A~~ a credit for contributions to certified community betterment programs as provided in the Community Development Assistance Act. Each partner or each shareholder of an electing subchapter S corporation shall report his or her share of the credit in the same manner and proportion as he or she reports the partnership or subchapter S corporation income.

Sec. 4. That section 77-2734.03, Revised Statutes Supplement, 1992, be amended to read as follows:

77-2734.03. (1) Any (a) insurer paying a tax on premiums and assessments pursuant to section 77-908 or 81-523, (b) electric cooperative organized under the Joint Public Power Authority Act, or (c) credit union shall be credited, in the computation of the tax due under the Nebraska Revenue Act of 1967, with the amount paid during the taxable year as taxes on such premiums and assessments and taxes in lieu of intangible tax.

(2) There shall be allowed to corporate taxpayers a credit

for nonhighway use motor vehicle fuels as provided in section 66-4,124.

~~(2) There shall be allowed to corporate taxpayers a renewable energy source systems credit or a builder's credit as provided in sections 66-1048 and 66-1050.~~

(4) (3) There shall be allowed to corporate taxpayers a tax credit for contributions to community betterment programs as provided in the Community Development Assistance Act.

Sec. 5. That section 81-1632, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

81-1632. (1) Any school district may apply to the State Energy Office for an energy efficiency loan from the School Weatherization Fund, which fund is hereby created. Loans received pursuant to this subsection shall only be used for energy efficiency projects which are approved by the State Energy Office at the time the loan is approved.

(2) The State Energy Office shall approve energy efficiency loan applications for proposed programs or projects which will reduce energy use or result in a more efficient use of available energy resources. Any such loan not denied within forty-five days of its submission shall be considered approved. In determining whether to approve, reduce, or deny such application, the State Energy Office shall consider the type of project or program proposed, the life expectancy of the building, the projected energy savings, and the simple payback period for the project.

(3) Upon approval of an energy efficiency loan application pursuant to this section, the State Energy Office shall submit its voucher against the School Weatherization Fund to the Director of Administrative Services director shall, on a monthly basis or more frequently if requested, notify the State Energy Office of the balance available in the School Weatherization Fund fund.

(4) Any school district may apply to the State Energy Office for a technical analysis study grant. The State Energy Office shall adopt and promulgate, ~~not later than January 1, 1985,~~ rules and regulations pertaining to the application procedures, approval criteria, funding based on building floor area, and ~~the~~ required contents of a technical analysis study. The funds distributed in any fiscal year for such studies shall not exceed three percent of the funds available from the School Weatherization Fund fund during that fiscal year. No technical analysis study grant shall exceed two thousand five hundred dollars for any one building. Grants received pursuant to this subsection shall only be used for technical analysis studies which are approved by the State Energy Office at the time the grant is approved. The school district shall submit a copy of the technical analysis report and an expense voucher to the State Energy Office as a request for payment. The State Energy Office shall submit its voucher to the Director of Administrative Services director upon approval of the technical analysis study by the State Energy Office.

(5) Approved loan or grant applications shall be effected by contract or such other form or method as shall be provided by the State

Energy Office. Loans shall be repaid in semiannual payments, with the first payment due six months after the date the project or program is completed. Loans shall carry no interest or finance charge and payments made prior to July 1, 1996, shall be deposited in the ~~School Weatherization Fund~~ fund. The amount of each semiannual payment shall be one-fourth of the estimated first-year savings resulting from the project as established in the approved loan application, ~~except that and~~ no such loan shall be made for a term longer than fourteen years after the completion of the project or program.

(6) For purposes of this section simple payback period shall mean the cost of the project divided by the first year's savings resulting from the project.

(7) The State Energy Office shall provide forms on which loan and grant applications may be made. The State Energy Office shall record and compile a complete list of all loan and grant applications and shall make an equitable geographic distribution of loans and grants as nearly as possible among the congressional districts provided in section 32-1501.

Sec. 6. That original sections 19-4617, 77-2715.07, and 81-1632, Reissue Revised Statutes of Nebraska, 1943, and sections 57-705 and 77-2734.03, Revised Statutes Supplement, 1992, and also sections 66-1029 to 66-1055, Reissue Revised Statutes of Nebraska, 1943, are repealed.