



One Hundred First Legislature - First Session - 2009
Introducer's Statement of Intent
LB 385

Chairperson: Abbie Cornett
Committee: Revenue
Date of Hearing: March 20, 2009

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 385 sunsets various aspects of the sales tax laws. The purpose of the bill is to give current and future legislators the opportunity to review current sales tax obligations and exemptions to determine if they are still appropriate. The bill enacts a recommendation of the Nebraska Tax Policy Commission. The commission consisted of legislators, state administrators, and public sector representatives who were commissioned to do a comprehensive review of the state's tax system. The commission issued its Final Report on November 15, 2007.

The commission recommended "that the legislature re-examine every exemption...." The commission also reported that "...every tax exemption would sunset and not renew unless specifically reauthorized by the legislature...." This bill enacts these recommendations found on page 5-16 of the Final Report.

The bill does not have a current positive or negative fiscal impact. The fiscal impact--positive or negative--would be decided by future Legislatures according to the schedule created in the bill. In order to avoid a sunset provision, the Legislature would need to entertain and adopt legislation to repeal or extend the sunset prior to the sunset taking effect. If the sunsets are extended, rather than repealed, subsequent Legislatures will review the decisions again in future years.

The schedule of sunsets in the bill is as follows:

1. Sales tax exemptions listed in sections of law that were enacted or last amended prior to 2005 sunset July 1, 2011.
2. Sales tax exemptions listed in sections of law that were enacted or last amended since January 1, 2005 sunset July 1, 2012.
3. Sales tax exemptions on rebates on motor vehicles and motorboats and the sales tax on services sunset on July 1, 2013.
4. The authorization for cities or counties to enact a local sales tax on top of the state sales tax sunsets on July 1, 2014.
5. Sales tax obligations on the storage, use, lease, and rental fees sunsets on July 1, 2015.

6. The state sales tax sunsets on July 1, 2016.

Principal Introducer:

_____ **Senator Rich Pahls**