

AMENDMENTS TO LB 1050

Introduced by Cornett

1           1. Strike the original sections and insert the following  
2 new sections:

3           Section 1. Section 77-2701, Reissue Revised Statutes of  
4 Nebraska, is amended to read:

5           77-2701 Sections 77-2701 to 77-27,135.01 and 77-27,228 to  
6 77-27,236 and section 2 of this act shall be known and may be cited  
7 as the Nebraska Revenue Act of 1967.

8           Sec. 2. (1) It is the intent of the Legislature that  
9 the incentive created by this section be used solely to induce  
10 procurement processing companies to locate in this state, resulting  
11 in significant new sales tax revenue generated for this state.

12           (2) For purposes of this section:

13           (a) Affiliated entity means a person who directly,  
14 or indirectly through one or more intermediaries, controls, is  
15 controlled by, or is under common control with another person;

16           (b) Department means the Department of Revenue;

17           (c) New taxable sales means the sales of property and  
18 services upon which sales and use taxes are paid under the Nebraska  
19 Revenue Act of 1967 and which occur in this state as a result of  
20 the operation in this state of a procurement processing company;

21           (d) Procurement processing company means a person engaged  
22 in managing the activities of unrelated purchasing companies; and

23           (e) Purchasing company means a person engaged in the

1 activity of selling property and services to affiliated entities.

2 (3) The Tax Commissioner may enter into a contract with  
3 a procurement processing company in which such company agrees  
4 to locate its business operations in this state in return for  
5 the incentive provided in subsection (4) of this section if the  
6 Governor determines the contract to be in the best interest of this  
7 state. The Governor's determination shall be based on (a) the new  
8 taxable sales that would be generated as a result of the contract  
9 and (b) the department's certification to the Governor that the  
10 contract does not result in a reduction of net sales tax revenue.

11 (4) (a) A contract entered into under this section may  
12 include as an incentive to the procurement processing company a  
13 rebate of sales and use taxes paid under the Nebraska Revenue Act  
14 of 1967 by purchasing companies that are managed by the procurement  
15 processing company.

16 (b) The department may withhold up to ten percent of any  
17 incentive due under this subsection and hold such funds in escrow  
18 for a period not to exceed thirty-six months from the earlier of  
19 the date the sales tax was remitted to the state or the date  
20 the sales tax became legally due. Any funds held in escrow under  
21 this subsection shall be maintained in the escrow account for the  
22 purpose set forth in subsection (5) of this section.

23 (5) If an incentive paid under this section is  
24 subsequently determined to have been paid in error, any remaining  
25 incentives shall be reduced by the amount of the incentive paid in  
26 error. If remaining incentives are insufficient to cover an amount  
27 paid in error, the difference shall be paid from the escrow account

1 authorized in subdivision (4)(b) of this section.

2 (6) For determining the amount of sales tax on new  
3 taxable sales credited to the State Highway Capital Improvement  
4 Fund and the Highway Allocation Fund as a result of this section,  
5 the net proceeds of the sales and use taxes collected on new  
6 taxable sales, after deducting applicable rebates under this  
7 section, shall be the amount used to determine the allocation  
8 under subdivision (2)(b) of section 77-27,132.

9 (7) A contract entered into under this section may not  
10 exceed an initial term of twenty years.

11 (8) A contract entered into under this section is exempt  
12 from the requirements of sections 73-201 to 73-204 and 73-501 to  
13 73-509.

14 (9) Purchasing companies shall be subject to the  
15 reporting, audit, enforcement, and confidentiality provisions of  
16 the Nebraska Revenue Act of 1967 that are applicable to other  
17 sellers in this state. The state may not contractually waive this  
18 requirement.

19 (10) On or before July 15 each year, the Tax Commissioner  
20 shall submit a report to the Legislature regarding any contract  
21 entered into under this section. The report shall include total  
22 sales occurring in this state as a result of this section and total  
23 sales tax revenue generated on those sales for this state.

24 Sec. 3. Original section 77-2701, Reissue Revised  
25 Statutes of Nebraska, is repealed.