

LEGISLATURE OF NEBRASKA  
NINETY-SIXTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 166**

Introduced by Kiel, 9; Thompson, 14

Read first time January 8, 1999

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section  
2 81-638, Reissue Revised Statutes of Nebraska, and section  
3 77-2602, Revised Statutes Supplement, 1998; to change  
4 provisions relating to the special privilege tax on  
5 cigarettes; to repeal the original sections; to provide  
6 an operative date; and to declare an emergency.  
7 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-2602, Revised Statutes Supplement,  
2 1998, is amended to read:

3           77-2602. (1) Every person engaged in distributing or  
4 selling cigarettes at wholesale in this state shall pay to the Tax  
5 Commissioner of this state a special privilege tax. This shall be  
6 in addition to all other taxes. It shall be paid prior to or at  
7 the time of the sale, gift, or delivery to the retail dealer in the  
8 several amounts as follows: On each package of cigarettes  
9 containing not more than twenty cigarettes, ~~thirty-four~~ thirty-six  
10 cents per package; and on packages containing more than twenty  
11 cigarettes, the same tax as provided on packages containing not  
12 more than twenty cigarettes for the first twenty cigarettes in each  
13 package and a tax of one-twentieth of the tax on the first twenty  
14 cigarettes on each cigarette in excess of twenty cigarettes in each  
15 package. Commencing July 1, 1994, and continuing until July 1,  
16 2009, the State Treasurer shall place the equivalent of twenty-one  
17 cents of such tax less three million dollars each fiscal year of  
18 proceeds of such tax in the General Fund. Commencing July 1, 2009,  
19 the State Treasurer shall place the equivalent of twenty-one cents  
20 of such tax in the General Fund. For purposes of this section, the  
21 equivalent of a specified number of cents of the tax shall mean  
22 that portion of the proceeds of the tax equal to the specified  
23 number divided by ~~thirty-four~~ thirty-six. The State Treasurer  
24 shall distribute the remaining proceeds of such tax in the  
25 following order:

26           (a) First, beginning July 1, 1980, the State Treasurer  
27 shall place the equivalent of one cent of such tax in the Nebraska  
28 Outdoor Recreation Development Cash Fund;

1           (b) Second, beginning July 1, ~~1993~~ 1999, the State  
2 Treasurer shall place the equivalent of ~~three~~ five cents of such  
3 tax in the Department of Health and Human Services Finance and  
4 Support Cash Fund to carry out sections 81-637 to 81-640;

5           (c) Third, beginning July 1, 1995, the State Treasurer  
6 shall place the equivalent of two cents of such tax in the City of  
7 Omaha Public Events Facilities Fund for each fiscal year through  
8 fiscal year 2000-01. The Legislature shall appropriate all sums  
9 inuring to the fund to the city of Omaha upon evidence that any  
10 amounts so appropriated are matched with funds derived from sources  
11 other than state funds in amounts equivalent to one dollar for  
12 every two dollars appropriated;

13           (d) Fourth, beginning July 1, 1997, and continuing until  
14 July 1, 2001, the State Treasurer shall place the equivalent of  
15 seven cents of such tax in the Building Renewal Allocation Fund for  
16 each fiscal year, for the purposes stated in the Deferred Building  
17 Renewal Act. Beginning July 1, 2001, and continuing until all the  
18 purposes of the Deferred Building Renewal Act have been fulfilled,  
19 the State Treasurer shall place the equivalent of nine cents of  
20 such tax in the Building Renewal Allocation Fund. The Legislature  
21 shall appropriate each fiscal year all sums inuring to the fund,  
22 plus interest earnings for the Task Force for Building Renewal to  
23 be used to carry out its duties and to fulfill the purposes of the  
24 Deferred Building Renewal Act. Unexpended balances existing at the  
25 end of each fiscal year shall be, and are hereby, reappropriated;

26           (e) Fifth, the State Treasurer shall place the difference  
27 between the equivalent of thirteen cents of such tax and the sum of  
28 the amounts distributed pursuant to subdivisions (a) through (d) of

1 this subsection in a special fund to be known as the Nebraska  
2 Capital Construction Fund; and

3 (f) Sixth, beginning July 1, 1994, and continuing until  
4 July 1, 2009, the State Treasurer shall place in the Municipal  
5 Infrastructure Redevelopment Fund the sum of three million dollars  
6 each fiscal year to carry out the Municipal Infrastructure  
7 Redevelopment Fund Act. The Legislature shall appropriate the sum  
8 of three million dollars each year for fiscal year 1994-95 through  
9 fiscal year 2008-09.

10 (2) The Legislature hereby finds and determines that the  
11 projects funded from the Municipal Infrastructure Redevelopment  
12 Fund, the City of Omaha Public Events Facilities Fund, and the  
13 Building Renewal Allocation Fund are of critical importance to the  
14 State of Nebraska. It is the intent of the Legislature that the  
15 allocations and appropriations made by the Legislature to such  
16 funds or, in the case of allocations for the Municipal  
17 Infrastructure Redevelopment Fund, to the particular municipality's  
18 account not be reduced until all contracts and securities relating  
19 to the construction and financing of the projects or portions of  
20 the projects funded from such funds or accounts of such funds are  
21 completed or paid or, in the case of the Municipal Infrastructure  
22 Redevelopment Fund, the earlier of such date or July 1, 2009, and  
23 that until such time any reductions in the cigarette tax rate made  
24 by the Legislature shall be simultaneously accompanied by  
25 equivalent reductions in the amount dedicated to the General Fund  
26 from cigarette tax revenue. Any provision made by the Legislature  
27 for distribution of the proceeds of the cigarette tax for projects  
28 or programs other than those to (a) the General Fund, (b) the

1 Nebraska Outdoor Recreation Development Cash Fund, (c) the  
2 Department of Health and Human Services Finance and Support Cash  
3 Fund, (d) the Municipal Infrastructure Redevelopment Fund, (e) the  
4 City of Omaha Public Events Facilities Fund, and (f) the Building  
5 Renewal Allocation Fund shall not be made a higher priority than or  
6 an equal priority to any of the programs or projects specified in  
7 subdivisions (a) through (f) of this subsection.

8           Sec. 2.     Section 81-638, Reissue Revised Statutes of  
9 Nebraska, is amended to read:

10           81-638. (1) The Legislature shall appropriate for each  
11 year from the Department of Health and Human Services Finance and  
12 Support Cash Fund to the Department of Health and Human Services  
13 Finance and Support an amount derived from one cent of the  
14 cigarette tax imposed by section 77-2602, less any amount  
15 appropriated from the fund specifically to the University of  
16 Nebraska Eppley Institute for Research in Cancer and Allied  
17 Diseases. The director shall, after deducting expenses incurred in  
18 the administration of such funds, distribute such funds exclusively  
19 for grants and contracts for research of cancer and smoking  
20 diseases, for funding the cancer registry prescribed in sections  
21 81-642 to 81-650, and for associated expenses due to the  
22 establishment and maintenance of such cancer registry. Not more  
23 than two hundred thousand dollars shall be appropriated for funding  
24 the cancer registry and associated expenses. The University of  
25 Nebraska may receive such grants and contracts, and other  
26 postsecondary institutions having colleges of medicine located in  
27 the State of Nebraska may receive such contracts.

28           (2) The Legislature shall appropriate for each year from

1 the Department of Health and Human Services Finance and Support  
2 Cash Fund to the Department of Health and Human Services Finance  
3 and Support for cancer research an amount derived from ~~two~~ four  
4 cents of the cigarette tax imposed by section 77-2602 to be used  
5 exclusively for grants and contracts for research on cancer and  
6 smoking diseases. No amount shall be appropriated or used pursuant  
7 to this subsection for the operation and associated expenses of the  
8 cancer registry. Not more than one-half of the funds appropriated  
9 pursuant to this subsection shall be distributed to the University  
10 of Nebraska Medical Center for research in cancer and allied  
11 diseases and the University of Nebraska Eppley Institute for  
12 Research in Cancer and Allied Diseases. The remaining funds  
13 available pursuant to this subsection shall be distributed for  
14 contracts with other postsecondary educational institutions having  
15 colleges of medicine located in Nebraska which have cancer research  
16 programs for the purpose of conducting research in cancer and  
17 allied diseases.

18 (3) Any contract between the Department of Health and  
19 Human Services Finance and Support and another postsecondary  
20 educational institution for cancer research under subsection (2) of  
21 this section shall provide that:

22 (a) Any money appropriated for such contract shall only  
23 be used for cancer research and shall not be used to support any  
24 other program in the institution;

25 (b) Full and detailed reporting of the expenditure of all  
26 funds under the contract is required. The report shall include,  
27 but not be limited to, separate accounting for personal services,  
28 equipment purchases or leases, and supplies. Such reports shall be

1 made available to the Legislature; and

2 (c) No money appropriated for such contract shall be  
3 spent for travel, building construction, or any other purpose not  
4 directly related to the research that is the subject of the  
5 contract.

6 Sec. 3. This sections becomes operative July 1, 1999.

7 Sec. 4. Original section 81-638, Reissue Revised  
8 Statutes of Nebraska, and section 77-2602, Revised Statutes  
9 Supplement, 1998, are repealed.

10 Sec. 5. Since an emergency exists, this act takes effect  
11 when passed and approved according to law.