

LEGISLATURE OF NEBRASKA
NINETY-SEVENTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 657

Introduced by Beutler, 28; Quandahl, 31; at the request of the
Governor

Read first time January 16, 2001

Committee: Appropriations

A BILL

1 FOR AN ACT relating to the cigarette tax; to amend section 77-2602,
2 Revised Statutes Supplement, 2000; to change distribution
3 of proceeds; to create funds; to provide an operative
4 date; to repeal the original section; and to declare an
5 emergency.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. The Legislature recognizes that the more
2 populous cities of the state serve medical, educational,
3 recreational, transportation, and retail needs of the entire state
4 and that infrastructure costs and needs are great. The governing
5 bodies of such cities have a duty to identify projects which
6 benefit from development funds made available by the Legislature.
7 The creation of the City of the Primary Class Development Fund
8 under section 2 of this act and the City of the Metropolitan Class
9 Development Fund under section 3 of this act shall be used to meet
10 such needs.

11 Sec. 2. There is hereby created the City of the Primary
12 Class Development Fund. Amounts credited to the fund pursuant to
13 section 77-2602 shall, upon appropriation by the Legislature, be
14 first expended to support the design and development of the
15 Antelope Valley project and financing costs related thereto for the
16 Antelope Valley Study as outlined in the Environmental Impact
17 Statement and Comprehensive Plan Amendment 94-60 to the 1994
18 Lincoln/Lancaster County Comprehensive Plan. Any money in the fund
19 available for investment shall be invested by the state investment
20 officer pursuant to the Nebraska Capital Expansion Act and the
21 Nebraska State Funds Investment Act.

22 Sec. 3. There is hereby created the City of the
23 Metropolitan Class Development Fund. Amounts credited to the fund
24 pursuant to section 77-2602 shall, upon appropriation by the
25 Legislature, be first expended to support the design and
26 development of the redevelopment projects within the riverfront
27 redevelopment plan designated for the area along the Missouri River
28 generally north of Interstate 480 to Interstate 680. Any money in

1 the fund available for investment shall be invested by the state
2 investment officer pursuant to the Nebraska Capital Expansion Act
3 and the Nebraska State Funds Investment Act.

4 Sec. 4. Section 77-2602, Revised Statutes Supplement,
5 2000, is amended to read:

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

1 (a) First, beginning July 1, 1980, the State Treasurer
2 shall place the equivalent of one cent of such tax in the Nebraska
3 Outdoor Recreation Development Cash Fund. For fiscal year
4 distributions occurring after FY1998-99, the distribution under
5 this subdivision shall not be less than the amount distributed
6 under this subdivision for FY1997-98. Any money needed to increase
7 the amount distributed under this subdivision to the FY1997-98
8 amount shall reduce the twenty-one-cent distribution to the General
9 Fund;

10 (b) Second, beginning July 1, 1993, the State Treasurer
11 shall place the equivalent of three cents of such tax in the
12 Department of Health and Human Services Finance and Support Cash
13 Fund to carry out sections 81-637 to 81-640. For fiscal year
14 distributions occurring after FY1998-99, the distribution under
15 this subdivision shall not be less than the amount distributed
16 under this subdivision for FY1997-98. Any money needed to increase
17 the amount distributed under this subdivision to the FY1997-98
18 amount shall reduce the twenty-one-cent distribution to the General
19 Fund;

20 (c) Third, beginning July 1, 1997, and continuing until
21 all the purposes of the Deferred Building Renewal Act have been
22 fulfilled, the State Treasurer shall place the equivalent of ~~seven~~
23 five cents of such tax in the Building Renewal Allocation Fund.
24 The Legislature shall appropriate each fiscal year all sums inuring
25 to the fund, plus interest earnings for the Task Force for Building
26 Renewal to be used to carry out its duties and to fulfill the
27 purposes of the Deferred Building Renewal Act. Unexpended balances
28 existing at the end of each fiscal year shall be, and are hereby,

1 reappropriated. For fiscal year distributions occurring after
2 FY1998-99, the distribution under this subdivision shall not be
3 less than the amount distributed under this subdivision for
4 FY1997-98. Any money needed to increase the amount distributed
5 under this subdivision to the FY1997-98 amount shall reduce the
6 twenty-one-cent distribution to the General Fund;

7 (d) Fourth, the State Treasurer shall place the
8 difference between the equivalent of thirteen cents of such tax and
9 the sum of the amounts distributed pursuant to subdivisions (a)
10 through (c) and (f) through (h) of this subsection in a special
11 fund to be known as the Nebraska Capital Construction Fund;

12 (e) Fifth, beginning July 1, 1994, and continuing until
13 July 1, 2009, the State Treasurer shall place in the Municipal
14 Infrastructure Redevelopment Fund the sum of three million dollars
15 each fiscal year to carry out the Municipal Infrastructure
16 Redevelopment Fund Act. The Legislature shall appropriate the sum
17 of three million dollars each year for fiscal year 1994-95 through
18 fiscal year 2008-09; ~~and~~

19 (f) Sixth, beginning July 1, 2001, the State Treasurer
20 shall place the equivalent of two cents of such tax in the
21 Information Technology Infrastructure Fund;

22 (g) Seventh, beginning July 1, 2001, and continuing until
23 June 30, 2016, the State Treasurer shall place one million dollars
24 each fiscal year in the City of the Primary Class Development Fund;
25 and

26 (h) Eighth, beginning July 1, 2001, and continuing until
27 June 30, 2016, the State Treasurer shall place one million five
28 hundred thousand dollars each fiscal year in the City of the

1 Metropolitan Class Development Fund.

2 (2) The Legislature hereby finds and determines that the
3 projects funded from the Municipal Infrastructure Redevelopment
4 Fund and the Building Renewal Allocation Fund are of critical
5 importance to the State of Nebraska. It is the intent of the
6 Legislature that the allocations and appropriations made by the
7 Legislature to such funds or, in the case of allocations for the
8 Municipal Infrastructure Redevelopment Fund, to the particular
9 municipality's account not be reduced until all contracts and
10 securities relating to the construction and financing of the
11 projects or portions of the projects funded from such funds or
12 accounts of such funds are completed or paid or, in the case of the
13 Municipal Infrastructure Redevelopment Fund, the earlier of such
14 date or July 1, 2009, and that until such time any reductions in
15 the cigarette tax rate made by the Legislature shall be
16 simultaneously accompanied by equivalent reductions in the amount
17 dedicated to the General Fund from cigarette tax revenue. Any
18 provision made by the Legislature for distribution of the proceeds
19 of the cigarette tax for projects or programs other than those to
20 (a) the General Fund, (b) the Nebraska Outdoor Recreation
21 Development Cash Fund, (c) the Department of Health and Human
22 Services Finance and Support Cash Fund, (d) the Municipal
23 Infrastructure Redevelopment Fund, (e) the Building Renewal
24 Allocation Fund, ~~and~~ (f) the Information Technology Infrastructure
25 Fund, (g) the City of the Primary Class Development Fund, and (h)
26 the City of the Metropolitan Class Development Fund shall not be
27 made a higher priority than or an equal priority to any of the
28 programs or projects specified in subdivisions (a) through ~~(f)~~ (h)

1 of this subsection.

2 Sec. 5. This act becomes operative on July 1, 2001.

3 Sec. 6. Original section 77-2602, Revised Statutes
4 Supplement, 2000, is repealed.

5 Sec. 7. Since an emergency exists, this act takes effect
6 when passed and approved according to law.