



Ninety-Ninth Legislature - Second Session - 2006
Committee Statement
LB 1073

Hearing Date: February 8, 2006
Committee On: Revenue

Introducer(s): (Raikes)

Title: Eliminate property tax on tangible personal property and certain sales tax exemptions and increase state aid and tax levy authority

Roll Call Vote – Final Committee Action:

Advanced to General File
Advanced to General File with Amendments
X Indefinitely Postponed

Vote Results:

| | | |
|---|---------------------|---|
| 7 | Yes | Senators Baker, Connealy, Cornett, Janssen, Landis, Preister and Raikes |
| 0 | No | |
| 0 | Present, not voting | |
| 1 | Absent | Senator Redfield |

Proponents:
Senator Ron Raikes

Representing:
Introducer

Opponents:
Larry Johnson
Nancy Salmon

Representing:
Nebraska Trucking Association
Assessors Association and
Nebraska Association of County Officials

Neutral:
Ron Sedlacek

Representing:
Nebraska Chamber of Commerce,
Omaha Chamber of Commerce, and
Lincoln Chamber of Commerce

Summary of purpose and/or changes:

LB 1073 would have exempted all personal property from taxation by striking references to personal property and its valuation in a large number of sections. Amended by the bill would have been section 77-121 (definition of “taxable property”), section 77-123 (definition of “omitted property”), section 77-125 (definition of “tax situs”), section 77-126, (definition of “assessment”), section 77-129 (definition of “assessment roll”), and section 77-201 (description of property that is taxable). The bill also repealed four sections outright: section 77-119

(definition of “depreciable tangible personal property”), 77-1201 (the requirement to list personal property for taxation), 77-1229 (the required form for listing personal property) and section 77-1229.01 (procedure if property is not listed).

Section 7 would have amended section 77-202, the exemptions from property tax to expand the personal property currently exempt from taxation to include all tangible personal property. None of the personal property that is listed as exempted under current section 77-202 was amended by the bill. These include inventory, livestock, household goods, motor vehicles, and property exempt under tax incentive acts.

LB 1073 would have also amended several sales tax sections and repeal others outright to impose sales taxes on sales of business and agricultural machinery. This expansion did not include services performed in connection with the machinery where applicable. Sections changed in this fashion were 77-2704.22 (manufacturing machinery and equipment), 77-2704.27 (railroad rolling stock), and section 77-2704.50 (replacement and repair parts for railroad rolling stock). The sections repealed outright were sections 77-2704.14 (coin operated laundries), 77-2704.36 (agricultural machinery and equipment), and 77-2704.40 (molds, dies and patterns).

Also, LB 1073 would have amended section 77-27,136 to increase the statutory amount of state aid distributed to municipalities for personal property tax exemptions from \$17.9 million to \$45.8 million, a \$27.9 million increase. Section 12 of the bill would have amended section 77-27,137 to increase the statutory amount of state aid given counties for personal property tax exemptions from \$17 million to \$38 million, a \$21 million increase. The current appropriations made under these sections are less than the statutory amounts.

Finally, LB 1073 would have amended section 77-3442 (levy limits) to increase the levy authority of Sanitary and Improvement Districts that are five years old or less from 85 cents per \$100 of taxable value to 91 cents. The levy limit for those older than five years would have increased from 40 cents to 43 cents.

Explanation of amendments, if any:

Senator David Landis, Chairperson