



Ninety-Ninth Legislature - Second Session - 2006
Committee Statement
LB 695

Hearing Date: February 11, 2005

Committee On: Revenue

Introducer(s): (Baker, Aguilar, Bourne, Brown, Burling, Byars, Connealy, Cornett, Cunningham, Engel, Flood, Foley, Janssen, Jensen, Johnson, Kopplin, Kremer, Mines, Preister, Redfield, Smith)

Title: Exempt manufacturing machinery, equipment, and related services from sales tax

Roll Call Vote – Final Committee Action:

Advanced to General File

Advanced to General File with Amendments

X Indefinitely Postponed

Vote Results:

6 Yes Senators Baker, Connealy, Janssen, Preister, Raikes and Redfield

0 No

0 Present, not voting

2 Absent Senators Cornett and Landis

Proponents:

Senator Tom Baker
Dee Haussler

Michael Limas
Julie Krebs
George Hasley
Mark Vasina
Jack Schreiner
Walt Broer
Michael Kennedy

Representing:

Introducer
Hastings Economic Development Corporation,
Nebraska Chamber of Commerce,
Nebraska Economic Developers Association,
Lincoln Chamber of Commerce,
Omaha Chamber of Commerce
Phillips Manufacturing Company
Airlanco
Nebraska Aluminum Castings, Inc.
Nebraskans for Peace
Bruckman Rubber Company
Associated General Contractors, NE Chapter
IntoMetac

Opponents:

None

Representing:

Neutral:

Richard Baier

Representing:

Nebraska Department of Economic Development

Summary of purpose and/or changes:

LB 695 would have exempted manufacturing machinery and equipment and all repair and service performed on such equipment from sales taxes. Section 4 defined “manufacturing machinery and equipment” very broadly to include:

- (1) Equipment for transporting raw materials or components like assembly lines or mill rolls,
- (2) Molds and dies for forming cast or injected products or packaging material,
- (3) Machinery to maintain the integrity of the product or environmental conditions, such as climate control or clean room equipment,
- (4) Testing equipment for quality control,
- (5) Computers that control a manufacturing process,
- (6) Machinery used to produce power or energy, such as steam turbines, or catalysts or other solutions that are essential to the manufacturing process,
- (7) Repair or replacement parts purchased for repairing or maintaining manufacturing machinery, such as refractory brick.

The equipment did not need to come into contact with the product to qualify for the exemption. Manufacturing machinery and equipment would not have included hand tools, office equipment, and computers that do not control the manufacturing process. Section 3 would have defined “manufacturing” as an action performed on tangible personal property that results in the property being reduced or transformed into a different thing.

Explanation of amendments, if any:

Senator David Landis, Chairperson