

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
SECOND SESSION
LEGISLATIVE BILL 1109

Introduced by Erdman, 47.

Read first time January 23, 2008

Committee: Appropriations

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 18-2604, 37-351, 77-2610, 85-1,114, and 85-327, Reissue
3 Revised Statutes of Nebraska, and sections 77-2602 and
4 81-638, Revised Statutes Supplement, 2007; to change
5 provisions relating to cigarette tax revenue; to provide
6 for appropriations; to harmonize provisions; and to
7 repeal the original sections.

8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 18-2604, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 18-2604 There is hereby created in the state treasury a
4 cash fund to be known as the Municipal Infrastructure Redevelopment
5 Fund. The fund shall have a separate account for each municipality
6 in the state. Money shall be deposited into the fund pursuant to
7 section 77-2602 or pursuant to appropriation by the Legislature.

8 Any money in the fund available for investment shall be
9 invested by the state investment officer pursuant to the Nebraska
10 Capital Expansion Act and the Nebraska State Funds Investment Act.
11 Investment earnings on each account shall be credited to that
12 account.

13 Sec. 2. Section 37-351, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 37-351 There is hereby created a fund to be known as
16 the Nebraska Outdoor Recreation Development Cash Fund. The fund
17 shall contain the money ~~received~~ credited to the fund pursuant to
18 section 77-2602 or appropriated by the Legislature and any funds
19 donated as gifts, bequests, or other contributions to such fund
20 from public or private entities. Any money in the fund available
21 for investment shall be invested by the state investment officer
22 pursuant to the Nebraska Capital Expansion Act and the Nebraska
23 State Funds Investment Act.

24 Sec. 3. Section 77-2602, Revised Statutes Supplement,
25 2007, is amended to read:

1 77-2602 (1) Every person engaged in distributing or
2 selling cigarettes at wholesale in this state shall pay to the
3 Tax Commissioner of this state a special privilege tax. This shall
4 be in addition to all other taxes. It shall be paid prior to
5 or at the time of the sale, gift, or delivery to the retail
6 dealer in the several amounts as follows: On each package of
7 cigarettes containing not more than twenty cigarettes, sixty-four
8 cents per package; and on packages containing more than twenty
9 cigarettes, the same tax as provided on packages containing not
10 more than twenty cigarettes for the first twenty cigarettes in each
11 package and a tax of one-twentieth of the tax on the first twenty
12 cigarettes on each cigarette in excess of twenty cigarettes in each
13 package.

14 ~~(2)~~ (2) (a) Beginning October 1, 2004, and continuing
15 until June 30, 2009, the State Treasurer shall place the equivalent
16 of forty-nine cents of such tax in the General Fund. ~~The~~ Until June
17 30, 2009, the State Treasurer shall reduce the amount placed in
18 the General Fund under this subsection by the amount prescribed in
19 subdivision (3) (d) of this section.

20 (b) Beginning July 1, 2009, all revenue from the tax
21 imposed pursuant to subsection (1) of this section shall be
22 remitted to the State Treasurer for credit to the General Fund. Any
23 of the named funds and projects funded before June 30, 2009, by
24 the tax imposed pursuant to subsection (1) of this section, except
25 those named in subdivisions (3) (f) and (g) of this section, shall

1 after such date only be funded if the Legislature appropriates
2 funds from the General Fund to such fund or for such project.

3 For purposes of this section, the equivalent of a
4 specified number of cents of the tax shall mean that portion
5 of the proceeds of the tax equal to the specified number divided
6 by the tax rate per package of cigarettes containing not more than
7 twenty cigarettes.

8 (3) The State Treasurer shall distribute the remaining
9 proceeds of such tax in the following order:

10 (a) First, beginning July 1, 1980, and continuing until
11 June 30, 2009, the State Treasurer shall place the equivalent
12 of one cent of such tax in the Nebraska Outdoor Recreation
13 Development Cash Fund. ~~For~~ Until June 30, 2009, 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~~ and any money needed
17 to increase the amount distributed under this subdivision to the
18 FY1997-98 amount shall reduce the distribution to the General Fund;

19 (b) Second, beginning July 1, 1993, and continuing until
20 June 30, 2009, the State Treasurer shall place the equivalent of
21 three cents of such tax in the Health and Human Services Cash
22 Fund to carry out sections 81-637 to 81-640. ~~For~~ Until June 30,
23 2009, for fiscal year distributions occurring after FY1998-99, the
24 distribution under this subdivision shall not be less than the
25 amount distributed under this subdivision for FY1997-98. ~~Any~~ and

1 any money needed to increase the amount distributed under this
2 subdivision to the FY1997-98 amount shall reduce the distribution
3 to the General Fund;

4 (c) Third, beginning October 1, 2002, and continuing
5 until ~~all the purposes of the Deferred Building Renewal Act have~~
6 ~~been fulfilled,~~ June 30, 2009, the State Treasurer shall place
7 the equivalent of seven cents of such tax in the Building Renewal
8 Allocation Fund. ~~The~~ Until June 30, 2009, the distribution under
9 this subdivision shall not be less than the amount distributed
10 under this subdivision for FY1997-98. ~~Any~~ and any money needed
11 to increase the amount distributed under this subdivision to the
12 FY1997-98 amount shall reduce the distribution to the General Fund;

13 (d) Fourth, until July 1, 2009, the State Treasurer
14 shall place in the Municipal Infrastructure Redevelopment Fund
15 the sum of five hundred twenty thousand dollars each fiscal year
16 to carry out the Municipal Infrastructure Redevelopment Fund Act.
17 The Legislature shall appropriate the sum of five hundred twenty
18 thousand dollars each year for ~~fiscal year 2003-04 through~~ fiscal
19 year 2008-09;

20 (e) Fifth, beginning July 1, 2001, and continuing until
21 June 30, 2008, the State Treasurer shall place the equivalent of
22 two cents of such tax in the Information Technology Infrastructure
23 Fund. The distribution under this subdivision shall not be less
24 than two million fifty thousand dollars. Any money needed to
25 increase the amount distributed under this subdivision to two

1 million fifty thousand dollars shall reduce the distribution to the
2 General Fund;

3 (f) Sixth, beginning July 1, 2001, and continuing until
4 June 30, 2016, the State Treasurer shall place one million dollars
5 each fiscal year in the City of the Primary Class Development Fund.
6 If necessary, the State Treasurer shall reduce the distribution of
7 tax proceeds to the General Fund pursuant to subsection (2) of this
8 section by such amount required to fulfill the one million dollars
9 to be distributed pursuant to this subdivision;

10 (g) Seventh, beginning July 1, 2001, and continuing
11 until June 30, 2016, the State Treasurer shall place one million
12 five hundred thousand dollars each fiscal year in the City of
13 the Metropolitan Class Development Fund. If necessary, the State
14 Treasurer shall reduce the distribution of tax proceeds to the
15 General Fund pursuant to subsection (2) of this section by such
16 amount required to fulfill the one million five hundred thousand
17 dollars to be distributed pursuant to this subdivision; and

18 (h) Eighth, beginning July 1, 2008, and continuing until
19 June 30, 2009, the State Treasurer shall place the equivalent of
20 two million fifty thousand dollars of such tax in the Nebraska
21 Public Safety Communication System Cash Fund. ~~Beginning July 1,~~
22 ~~2009, and continuing until June 30, 2016,~~ the State Treasurer shall
23 place the equivalent of two million five hundred seventy thousand
24 dollars of such tax in the Nebraska Public Safety Communication
25 System Cash Fund. ~~Beginning July 1, 2016, and every fiscal year~~

1 ~~thereafter, the State Treasurer shall place the equivalent of five~~
2 ~~million seventy thousand dollars of such tax in the Nebraska Public~~
3 ~~Safety Communication System Cash Fund. If Through June 30, 2009,~~
4 ~~if necessary,~~ the State Treasurer shall reduce the distribution of
5 tax proceeds to the General Fund pursuant to subsection (2) of
6 this section by such amount required to fulfill the distribution
7 pursuant to this subdivision.

8 (4) ~~If, Through June 30, 2009, if,~~ after distributing the
9 proceeds of such tax pursuant to subsections (2) and (3) of this
10 section, any proceeds of such tax remain, the State Treasurer shall
11 place such remainder in the Nebraska Capital Construction Fund.

12 (5) The Legislature hereby finds and determines that the
13 projects funded from the Municipal Infrastructure Redevelopment
14 Fund and the Building Renewal Allocation Fund are of critical
15 importance to the State of Nebraska. It is the intent of the
16 Legislature that the allocations and appropriations made by the
17 Legislature to such funds or, in the case of allocations for the
18 Municipal Infrastructure Redevelopment Fund, to the particular
19 municipality's account not be reduced until the earlier of the
20 date all contracts and securities relating to the construction
21 and financing of the projects or portions of the projects funded
22 from such funds or accounts of such funds are completed or paid
23 or, ~~in the case of the Municipal Infrastructure Redevelopment~~
24 ~~Fund, the earlier of such date or July 1, 2009. Until~~ and
25 ~~that until~~ such time, any reductions in the cigarette tax rate

1 made by the Legislature shall be simultaneously accompanied by
2 equivalent reductions in the amount dedicated to the General Fund
3 from cigarette tax revenue- ~~Any~~ and any provision made by the
4 Legislature for distribution of the proceeds of the cigarette tax
5 for projects or programs other than those to (a) the General
6 Fund, (b) the Nebraska Outdoor Recreation Development Cash Fund,
7 (c) the Health and Human Services Cash Fund, (d) the Municipal
8 Infrastructure Redevelopment Fund, (e) the Building Renewal
9 Allocation Fund, (f) the Information Technology Infrastructure
10 Fund, (g) the City of the Primary Class Development Fund, (h)
11 the City of the Metropolitan Class Development Fund, and (i) the
12 Nebraska Public Safety Communication System Cash Fund shall not be
13 made a higher priority than or an equal priority to any of the
14 programs or projects specified in subdivisions (a) through (i) of
15 this subsection.

16 Sec. 4. Section 77-2610, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 77-2610 Upon the written request of the original
19 purchaser thereof and upon the return of any unused stamps, the Tax
20 Commissioner shall redeem such stamps. The Tax Commissioner shall
21 prepare a voucher showing the amount of such returned unused stamps
22 and shall cause to be drawn a warrant upon the State Treasurer for
23 such amount in favor of the person returning such unused stamps.
24 ~~The~~ Through June 30, 2009, the refunds shall be paid from the
25 various funds named in section 77-2602 in the same proportions

1 as the proceeds of the tax are allocated. On and after July 1,
2 2009, such refunds shall be paid from the General Fund. By the
3 terms of sections 77-2601 to 77-2615, the Tax Commissioner and the
4 State Treasurer are specifically authorized to adjust all errors in
5 payments for unused stamps.

6 Sec. 5. Section 81-638, Revised Statutes Supplement,
7 2007, is amended to read:

8 81-638 (1) The Until June 30, 2009, the Legislature
9 shall appropriate for each year from the Health and Human
10 Services Cash Fund to the department an amount derived from
11 one cent of the cigarette tax imposed by section 77-2602,
12 less any amount appropriated from the fund specifically to the
13 University of Nebraska Eppley Institute for Research in Cancer and
14 Allied Diseases. The department shall, after deducting expenses
15 incurred in the administration of such funds, distribute such funds
16 exclusively for grants and contracts for research of cancer and
17 smoking diseases, for funding the cancer registry prescribed in
18 sections 81-642 to 81-650, and for associated expenses due to
19 the establishment and maintenance of such cancer registry. Not
20 more than two hundred thousand dollars shall be appropriated for
21 funding the cancer registry and associated expenses. The University
22 of Nebraska may receive such grants and contracts, and other
23 postsecondary institutions having colleges of medicine located in
24 the State of Nebraska may receive such contracts. Beginning July 1,
25 2009, expenditures under this subsection shall be funded from the

1 General Fund as provided by the Legislature.

2 (2) ~~The~~ Until June 30, 2009, the Legislature shall
3 appropriate for each year from the Health and Human Services
4 Cash Fund to the department for cancer research an amount derived
5 from two cents of the cigarette tax imposed by section 77-2602
6 to be used exclusively for grants and contracts for research on
7 cancer and smoking diseases. No amount shall be appropriated or
8 used pursuant to this subsection for the operation and associated
9 expenses of the cancer registry. Not more than one-half of the
10 funds appropriated pursuant to this subsection shall be distributed
11 to the University of Nebraska Medical Center for research in cancer
12 and allied diseases and the University of Nebraska Eppley Institute
13 for Research in Cancer and Allied Diseases. The remaining funds
14 available pursuant to this subsection shall be distributed for
15 contracts with other postsecondary educational institutions having
16 colleges of medicine located in Nebraska which have cancer research
17 programs for the purpose of conducting research in cancer and
18 allied diseases. Beginning July 1, 2009, expenditures under this
19 subsection shall be funded from the General Fund as provided by the
20 Legislature.

21 (3) Any contract between the department and another
22 postsecondary educational institution for cancer research under
23 subsection (2) of this section shall provide that:

24 (a) Any money appropriated for such contract shall only
25 be used for cancer research and shall not be used to support any

1 other program in the institution;

2 (b) Full and detailed reporting of the expenditure of all
3 funds under the contract is required. The report shall include,
4 but not be limited to, separate accounting for personal services,
5 equipment purchases or leases, and supplies. Such reports shall be
6 made available to the Legislature; and

7 (c) No money appropriated for such contract shall be
8 spent for travel, building construction, or any other purpose
9 not directly related to the research that is the subject of the
10 contract.

11 Sec. 6. Section 85-1,114, Reissue Revised Statutes of
12 Nebraska, is amended to read:

13 85-1,114 In order to accomplish any projects authorized
14 by section 85-1,113, the Board of Regents of the University of
15 Nebraska may enter into contracts with any person, firm, or
16 corporation providing for the implementation of any such project
17 of the university and providing for the long-term payment of the
18 cost of such project from the University Facilities Fund. In no
19 case shall any such contract extend for a period beyond July 15,
20 1997, or obligate payments beyond those which may be satisfied
21 with funds available pursuant to sections 77-2602 and 85-1,113 or
22 pursuant to appropriations from the General Fund as provided by the
23 Legislature. The Board of Regents shall not pledge the credit of
24 the State of Nebraska for the payment of any sum owing on account
25 of such contract, except that there may be pledged for the payment

1 of any such contract any appropriations specifically made by the
2 Legislature for such purpose. No contract shall be entered into
3 pursuant to this section without prior approval by a resolution
4 of the Board of Regents. The Board of Regents may also convey or
5 lease and lease back all or any part of the projects authorized by
6 section 85-1,113 and the land on which such projects are situated
7 to such person, firm, or corporation as the Board of Regents may
8 contract with pursuant to this section to facilitate the long-term
9 payment of the cost of such projects. Any such conveyance or lease
10 shall provide that when the cost of such projects has been paid,
11 together with interest and other costs thereon, such projects and
12 the land on which such projects are located shall become the
13 property of the Board of Regents.

14 Sec. 7. Section 85-327, Reissue Revised Statutes of
15 Nebraska, is amended to read:

16 85-327 In order to accomplish the project authorized
17 by section 85-326, the Board of Trustees of the Nebraska State
18 Colleges may enter into contracts with any person, firm, or
19 corporation providing for the long-term payment of the cost of
20 such project from the State College Facility Fund. In no case
21 shall any such contract extend for a period beyond July 15,
22 1997, or obligate payments beyond those which may be satisfied
23 with funds available pursuant to sections 77-2602 and 85-326 or
24 pursuant to appropriations from the General Fund as provided by the
25 Legislature. The Board of Trustees shall not pledge the credit of

1 the State of Nebraska for the payment of any sum owing on account
2 of such contract, except that there may be pledged for the payment
3 of any such contract any appropriations specifically made by the
4 Legislature for such purpose. No contract shall be entered into
5 pursuant to this section without prior approval by a resolution
6 of the Board of Trustees. The Board of Trustees may also convey
7 or lease and lease back all or any part of the project authorized
8 by section 85-326 and the land on which such project is situated
9 to such person, firm, or corporation as the Board of Trustees may
10 contract with pursuant to this section to facilitate the long-term
11 payment of the cost of such project. Any such conveyance or lease
12 shall provide that when the cost of such project has been paid,
13 together with interest and other costs thereon, such project and
14 the land on which such project is located shall become the property
15 of the Board of Trustees.

16 Sec. 8. Original sections 18-2604, 37-351, 77-2610,
17 85-1,114, and 85-327, Reissue Revised Statutes of Nebraska, and
18 sections 77-2602 and 81-638, Revised Statutes Supplement, 2007, are
19 repealed.