

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 420

Introduced by Erdman, 47; Harms, 48;

Read first time January 16, 2007

Committee: Appropriations

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section
2 77-2602, Revised Statutes Cumulative Supplement, 2006;
3 to create funds; to provide duties for the Department
4 of Agriculture; to change provisions relating to
5 distribution of the cigarette tax; to harmonize
6 provisions; and to repeal the original section.
7 Be it enacted by the people of the State of Nebraska,

1 Section 1. (1) The Agricultural Research Fund is created.
2 The State Treasurer shall credit to the fund money received
3 pursuant to section 77-2602, such money as is specifically
4 appropriated, and funds, fees, donations, gifts, or services,
5 or devises or bequests of real or personal property, received by
6 the Department of Agriculture from any federal, state, public, or
7 private source. Any money in the fund available for investment
8 shall be invested by the state investment officer pursuant to
9 the Nebraska Capital Expansion Act and the Nebraska State Funds
10 Investment Act.

11 (2) Money in the fund shall be used for the purpose
12 of funding agricultural research projects and facilities across
13 Nebraska. The department may use its budget authority to request
14 appropriations specifically for the purposes described in this
15 section. The department shall allocate money from the fund for use
16 by the department, by any state agency, board, or commission, or by
17 any political subdivision of the state, by agreement, or by private
18 organizations or firms as may be contracted with by the department
19 for the purposes described in this section.

20 Sec. 2. The Water Resources Cash Fund is created. The
21 fund shall include money transferred pursuant to section 77-2602
22 and other funds appropriated by the Legislature. The fund shall be
23 administered by the Department of Natural Resources. Any money in
24 the fund available for investment shall be invested by the state
25 investment officer pursuant to the Nebraska Capital Expansion Act

1 and the Nebraska State Funds Investment Act.

2 Sec. 3. Section 77-2602, Revised Statutes Cumulative
3 Supplement, 2006, is amended to read:

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

17 (2) Commencing July 1, 1994, and continuing until October
18 1, 2004, the State Treasurer shall place the equivalent of
19 twenty-one cents of such tax in the General Fund. Commencing
20 October 1, 2004, the State Treasurer shall place the equivalent
21 of forty-nine cents of such tax in the General Fund. The State
22 Treasurer shall reduce the amount placed in the General Fund under
23 this subsection by the amount prescribed in subdivision (3)(d) of
24 this section. For purposes of this section, the equivalent of a
25 specified number of cents of the tax shall mean that portion of the

1 proceeds of the tax equal to the specified number divided by the
2 tax rate per package of cigarettes containing not more than twenty
3 cigarettes.

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

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

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

23 (c) Third, beginning July 1, 2001, and continuing until
24 October 1, 2002, the State Treasurer shall place the equivalent of
25 five cents of such tax in the Building Renewal Allocation Fund.

1 Beginning October 1, 2002, and continuing until all the purposes of
2 the Deferred Building Renewal Act have been fulfilled, the State
3 Treasurer shall place the equivalent of seven cents of such tax
4 in the Building Renewal Allocation Fund. The Legislature shall
5 appropriate each fiscal year all sums inuring to the fund, plus
6 interest earnings, for the Task Force for Building Renewal to be
7 used to carry out its duties and to fulfill the purposes of the
8 Deferred Building Renewal Act. Unexpended balances existing at the
9 end of each fiscal year shall be, and are hereby, reappropriated.
10 The distribution under this subdivision shall not be less than the
11 amount distributed under this subdivision for FY1997-98. Any money
12 needed to increase the amount distributed under this subdivision to
13 the FY1997-98 amount shall reduce the distribution to the General
14 Fund;

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

22 (e) Fifth, beginning July 1, 2001, the State Treasurer
23 shall place the equivalent of two cents of such tax in the
24 Information Technology Infrastructure Fund;

25 (f) Sixth, beginning July 1, 2001, and continuing until

1 June 30, ~~2016~~, 2008, the State Treasurer shall place one million
2 dollars each fiscal year in the City of the Primary Class
3 Development Fund. Beginning July 1, 2008, the State Treasurer
4 shall place one million dollars each fiscal year in the Water
5 Resources Cash Fund. If necessary, the State Treasurer shall reduce
6 the distribution of tax proceeds to the General Fund pursuant
7 to subsection (2) of this section by such amount required to
8 fulfill the one million dollars to be distributed pursuant to this
9 subdivision;

10 (g) Seventh, beginning July 1, 2001, and continuing until
11 June 30, ~~2016~~, 2008, 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. Beginning July 1, 2008,
14 the State Treasurer shall place one million five hundred thousand
15 dollars each fiscal year in the University of Nebraska Agricultural
16 Research Fund. If necessary, the State Treasurer shall reduce
17 the distribution of tax proceeds to the General Fund pursuant to
18 subsection (2) of this section by such amount required to fulfill
19 the one million five hundred thousand dollars to be distributed
20 pursuant to this subdivision; and

21 (h) Eighth, beginning October 1, 2002, and continuing
22 until October 1, 2004, the State Treasurer shall place the
23 equivalent of twenty-eight cents of such tax in the Cash Reserve
24 Fund.

25 (4) If, after distributing the proceeds of such tax

1 pursuant to subsections (2) and (3) of this section, any proceeds
2 of such tax remain, the State Treasurer shall place such remainder
3 in the Nebraska Capital Construction Fund.

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

1 Building Renewal Allocation Fund, (f) the Information Technology
2 Infrastructure Fund, (g) the City of the Primary Class Development
3 Fund, (h) the Water Resources Cash Fund, (i) the City of the
4 Metropolitan Class Development Fund, and ~~(i)~~ (j) the Agricultural
5 Research Fund, and (k) the Cash Reserve Fund shall not be made a
6 higher priority than or an equal priority to any of the programs
7 or projects specified in subdivisions (a) through ~~(i)~~ (k) of this
8 subsection.

9 Sec. 4. Original section 77-2602, Revised Statutes
10 Cumulative Supplement, 2006, is repealed.