



One Hundred First Legislature - First Session - 2009  
**Introducer's Statement of Intent**  
**LB 9**

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**Chairperson:** Abbie Cornett  
**Committee:** Revenue  
**Date of Hearing:** March 4, 2009

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 9 amends two sections of the current law as follows:

1. LB 9 amends 77-2704.13 (1) to exempt biofuels that are used for irrigation and farming purposes from sales taxes.
2. LB 9 also amends subsection (2). Under the current law, Section 77-2704.13 subsection (2) states in applicable part that sales taxes are not imposed on energy sources or listed fuels when more than fifty percent of the amount purchased is used directly in processing, manufacturing or refining, in the generation of electricity, or by any hospital. The listed energy sources include electricity, coal, gas, fuel oil, diesel fuel, tractor fuel, propane, gasoline, coke, nuclear fuel and butane. The list does not contain such renewable energy sources as solid bio-fuels, such as sawdust or wood chips, corn when used as fuel. LB 9 expressly includes such bio-fuels or other newly developed renewable energy sources and encourages the development of new and alternative energy sources if used as required under the law for processing, manufacturing, refining, generation of electricity or if used by a hospital.

Nebraska should encourage the use of renewable energy sources rather than encouraging the use of non-renewable fossil fuels. This change is consistent with Nebraska's sales tax policy that strives only to impose sales taxes on the finished product, not inputs to create a finished product.

**Principal Introducer:** \_\_\_\_\_  
**Senator John Wightman**