

AMENDMENTS TO LB 629

Introduced by Appropriations

1           1. Strike the original sections and insert the following  
2 new sections:

3           Section 1. Section 77-382, Revised Statutes Cumulative  
4 Supplement, 2012, is amended to read:

5           77-382 (1) The department shall prepare a tax expenditure  
6 report describing (a) the basic provisions of the Nebraska  
7 tax laws, (b) the actual or estimated revenue loss caused by  
8 the exemptions, deductions, exclusions, deferrals, credits, and  
9 preferential rates in effect on July 1 of each year and allowed  
10 under Nebraska's tax structure and in the property tax, and (c) the  
11 elements which make up the tax base for state and local income,  
12 including income, sales and use, property, and miscellaneous taxes.

13           (2) The department shall review the major tax exemptions  
14 for which state general funds are used to reduce the impact of  
15 revenue lost due to a tax expenditure. The report shall indicate an  
16 estimate of the amount of the reduction in revenue resulting from  
17 the operation of all tax expenditures. The report shall list each  
18 tax expenditure relating to sales and use tax under the following  
19 categories:

20           (a) Agriculture, which shall include a separate listing  
21 for the following items: Agricultural machinery; agricultural  
22 chemicals; seeds sold to commercial producers; water for irrigation  
23 and manufacturing; commercial artificial insemination; mineral

1 oil as dust suppressant; animal grooming; oxygen for use in  
2 aquaculture; animal life whose products constitute food for human  
3 consumption; and grains;

4 (b) Business across state lines, which shall include  
5 a separate listing for the following items: Property shipped  
6 out-of-state; fabrication labor for items to be shipped  
7 out-of-state; property to be transported out-of-state; property  
8 purchased in other states to be used in Nebraska; aircraft  
9 delivery to an out-of-state resident or business; state reciprocal  
10 agreements for industrial machinery; and property taxed in another  
11 state;

12 (c) Common carrier and logistics, which shall include a  
13 separate listing for the following items: Railroad rolling stock  
14 and repair parts and services; common or contract carriers and  
15 repair parts and services; common or contract carrier accessories;  
16 and common or contract carrier safety equipment;

17 (d) Consumer goods, which shall include a separate  
18 listing for the following items: Motor vehicles and motorboat  
19 trade-ins; merchandise trade-ins; certain medical equipment and  
20 medicine; newspapers; laundromats; telefloral deliveries; motor  
21 vehicle discounts for the disabled; and political campaign  
22 fundraisers;

23 (e) Energy, which shall include a separate listing for  
24 the following items: Motor fuels; energy used in industry; energy  
25 used in agriculture; aviation fuel; and minerals, oil, and gas  
26 severed from real property;

27 (f) Food, which shall include a separate listing for the

1 following items: Food for home consumption; Supplemental Nutrition  
2 Assistance Program; school lunches; meals sold by hospitals; meals  
3 sold by institutions at a flat rate; food for the elderly,  
4 handicapped, and Supplemental Security Income recipients; and meals  
5 sold by churches;

6 (g) General business, which shall include a separate  
7 listing for the following items: Component and ingredient parts;  
8 manufacturing machinery; containers; film rentals; molds and dies;  
9 syndicated programming; intercompany sales; intercompany leases;  
10 sale of a business or farm machinery; and transfer of property in a  
11 change of business ownership;

12 (h) Lodging and shelter, which shall include a  
13 separate listing for the following item: Room rentals by certain  
14 institutions;

15 (i) Miscellaneous, which shall include a separate listing  
16 for the following items: Cash discounts and coupons; separately  
17 stated finance charges; casual sales; lease-to-purchase agreements;  
18 and separately stated taxes;

19 (j) Nonprofits, governments, and exempt entities, which  
20 shall include a separate listing for the following items: Purchases  
21 by political subdivisions of the state; purchases by churches  
22 and nonprofit colleges and medical facilities; purchasing agents  
23 for public real estate construction improvements; contractor as  
24 purchasing agent for public agencies; Nebraska lottery; admissions  
25 to school events; sales on Native American Indian reservations;  
26 school-supporting fundraisers; fine art purchases by a museum;  
27 purchases by the Nebraska State Fair Board; purchases by the

1 Nebraska Investment Finance Authority and licensees of the State  
2 Racing Commission; purchases by the United States Government;  
3 public records; and sales by religious organizations;

4 (k) Recent sales tax expenditures, which shall include a  
5 separate listing for each sales tax expenditure created by statute  
6 or rule and regulation after July 19, 2012; and

7 (l) Telecommunications, which shall include a separate  
8 listing for the following items: Telecommunications access charges;  
9 prepaid calling arrangements; conference bridging services; and  
10 nonvoice data services.

11 ~~(3) The report shall make recommendations relating to the~~  
12 ~~elimination, in whole or in part, of particular tax expenditures or~~  
13 ~~to the limiting of the duration of particular tax expenditures to a~~  
14 ~~fixed number of years.~~

15 ~~(4) (3)~~ It is the intent of the Legislature that nothing  
16 in the Tax Expenditure Reporting Act shall cause the valuation or  
17 assessment of any property exempt from taxation on the basis of its  
18 use exclusively for religious, educational, or charitable purposes.

19 Sec. 2. Section 81-125, Reissue Revised Statutes of  
20 Nebraska, is amended to read:

21 81-125 The Governor shall on or before January 15 of  
22 each odd-numbered year present to the Legislature a complete budget  
23 for all the activities of the state receiving appropriations or  
24 requesting appropriations, except that the Governor during his  
25 or her first year in office shall present such budget to the  
26 Legislature on or before February 1. Such budget shall be a  
27 tentative work program for the coming biennium, shall contain a

1 full and itemized report of the expenditures from appropriations  
2 made by the previous Legislature and the items which the Governor  
3 deems worthy of consideration for the coming biennium, for the  
4 respective departments, offices, and institutions, and for all  
5 other purposes, and shall contain the estimated revenue from  
6 taxation, the estimated revenue from sources other than taxation,  
7 an estimate of the amount required to be raised by taxation and  
8 the sales and income tax rates necessary to raise such amount, the  
9 revenue foregone by operation of laws in effect at the time of  
10 such report granting tax expenditures and reduced tax liabilities  
11 as identified in the report required by section 77-5731, and  
12 recommendations as to deficiency funding requirements pursuant to  
13 section 81-126. The summary of the tax expenditure report prepared  
14 pursuant to the Tax Expenditure Reporting Act and a summary of  
15 the report required by section 77-5731 shall be included with or  
16 appended to the budget presented to the Legislature. The Governor  
17 may make recommendations whether to continue or eliminate, in  
18 whole or in part, each tax expenditure and incentive program  
19 or to limit the duration of particular tax expenditures and  
20 incentives to a fixed number of years and shall include his or  
21 her reasoning for each recommendation, if any. The recommendations  
22 shall be transmitted to the Revenue Committee of the Legislature  
23 at the same time the Governor submits a budget as required in  
24 this section. The budget as transmitted to the Legislature shall  
25 show the estimated requirements for each activity of the state  
26 as prepared by the Department of Administrative Services and the  
27 final recommendation of the Governor. The budget shall comprise

1 the complete report to the Legislature of all appropriations  
2 made for the current biennium and expenditures therefrom by all  
3 agencies receiving appropriations, and the report of expenditures  
4 contained in the budget shall be in lieu of all other biennial or  
5 other financial reports required by statute to the Legislature by  
6 expending agencies of appropriations and expenditures for their own  
7 activities except the biennial report of the State Treasurer and  
8 Director of Administrative Services.

9           Sec. 3. Original section 81-125, Reissue Revised Statutes  
10 of Nebraska, and section 77-382, Revised Statutes Cumulative  
11 Supplement, 2012, are repealed.