

LEGISLATURE OF NEBRASKA
ONE HUNDRED THIRD LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 629
Final Reading

Introduced by Conrad, 46.

Read first time January 23, 2013

Committee: Appropriations

A BILL

1 FOR AN ACT relating to revenue; to amend section 81-125, Reissue
2 Revised Statutes of Nebraska, and section 77-382, Revised
3 Statutes Cumulative Supplement, 2012; to eliminate a
4 reporting requirement for the Department of Revenue; to
5 change powers and duties of the Governor regarding
6 submission of the budget to the Legislature; and to
7 repeal the original sections.
8 Be it enacted by the people of the State of Nebraska,

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

3 77-382 (1) The department shall prepare a tax expenditure
4 report describing (a) the basic provisions of the Nebraska tax laws,
5 (b) the actual or estimated revenue loss caused by the exemptions,
6 deductions, exclusions, deferrals, credits, and preferential rates in
7 effect on July 1 of each year and allowed under Nebraska's tax
8 structure and in the property tax, and (c) the elements which make up
9 the tax base for state and local income, including income, sales and
10 use, property, and miscellaneous taxes.

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

18 (a) Agriculture, which shall include a separate listing
19 for the following items: Agricultural machinery; agricultural
20 chemicals; seeds sold to commercial producers; water for irrigation
21 and manufacturing; commercial artificial insemination; mineral oil as
22 dust suppressant; animal grooming; oxygen for use in aquaculture;
23 animal life whose products constitute food for human consumption; and
24 grains;

25 (b) Business across state lines, which shall include a

1 separate listing for the following items: Property shipped out-of-
2 state; fabrication labor for items to be shipped out-of-state;
3 property to be transported out-of-state; property purchased in other
4 states to be used in Nebraska; aircraft delivery to an out-of-state
5 resident or business; state reciprocal agreements for industrial
6 machinery; and property taxed in another state;

7 (c) Common carrier and logistics, which shall include a
8 separate listing for the following items: Railroad rolling stock and
9 repair parts and services; common or contract carriers and repair
10 parts and services; common or contract carrier accessories; and
11 common or contract carrier safety equipment;

12 (d) Consumer goods, which shall include a separate
13 listing for the following items: Motor vehicles and motorboat trade-
14 ins; merchandise trade-ins; certain medical equipment and medicine;
15 newspapers; laundromats; telefloral deliveries; motor vehicle
16 discounts for the disabled; and political campaign fundraisers;

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

21 (f) Food, which shall include a separate listing for the
22 following items: Food for home consumption; Supplemental Nutrition
23 Assistance Program; school lunches; meals sold by hospitals; meals
24 sold by institutions at a flat rate; food for the elderly,
25 handicapped, and Supplemental Security Income recipients; and meals

1 sold by churches;

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

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

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

14 (j) Nonprofits, governments, and exempt entities, which
15 shall include a separate listing for the following items: Purchases
16 by political subdivisions of the state; purchases by churches and
17 nonprofit colleges and medical facilities; purchasing agents for
18 public real estate construction improvements; contractor as
19 purchasing agent for public agencies; Nebraska lottery; admissions to
20 school events; sales on Native American Indian reservations; school-
21 supporting fundraisers; fine art purchases by a museum; purchases by
22 the Nebraska State Fair Board; purchases by the Nebraska Investment
23 Finance Authority and licensees of the State Racing Commission;
24 purchases by the United States Government; public records; and sales
25 by religious organizations;

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

4 (1) Telecommunications, which shall include a separate
5 listing for the following items: Telecommunications access charges;
6 prepaid calling arrangements; conference bridging services; and
7 nonvoice data services.

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

12 ~~(4)-(3)~~ It is the intent of the Legislature that nothing
13 in the Tax Expenditure Reporting Act shall cause the valuation or
14 assessment of any property exempt from taxation on the basis of its
15 use exclusively for religious, educational, or charitable purposes.

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

18 81-125 The Governor shall on or before January 15 of each
19 odd-numbered year present to the Legislature a complete budget for
20 all the activities of the state receiving appropriations or
21 requesting appropriations, except that the Governor during his or her
22 first year in office shall present such budget to the Legislature on
23 or before February 1. Such budget shall be a tentative work program
24 for the coming biennium, shall contain a full and itemized report of
25 the expenditures from appropriations made by the previous Legislature

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

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

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