

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
FIRST SESSION  
**LEGISLATIVE BILL 39**

Introduced by Harms, 48.

Read first time January 10, 2013

Committee: Executive Board

A BILL

1 FOR AN ACT relating to the Legislature; to amend sections 50-1202,  
2 50-1203, 50-1204, 50-1208, 50-1209, 50-1213, and 50-1214,  
3 Reissue Revised Statutes of Nebraska, and sections  
4 43-4302, 50-1205, 50-1210, 50-1211, 77-2711, and  
5 77-27,119, Revised Statutes Cumulative Supplement, 2012;  
6 to eliminate and replace references to the Legislative  
7 Performance Audit Section; and to repeal the original  
8 sections.  
9 Be it enacted by the people of the State of Nebraska,

1                   Section 1. Section 43-4302, Revised Statutes Cumulative  
2 Supplement, 2012, is amended to read:

3                   43-4302 (1) It is the intent of the Legislature to:

4                   (a) Establish a full-time program of investigation and  
5 performance review to provide increased accountability and oversight  
6 of the Nebraska child welfare system;

7                   (b) Assist in improving operations of the department and  
8 the Nebraska child welfare system;

9                   (c) Provide an independent form of inquiry for concerns  
10 regarding the actions of individuals and agencies responsible for the  
11 care and protection of children in the Nebraska child welfare system.  
12 Confusion of the roles, responsibilities, and accountability  
13 structures between individuals, private contractors, and agencies in  
14 the current system make it difficult to monitor and oversee the  
15 Nebraska child welfare system; and

16                   (d) Provide a process for investigation and review to  
17 determine if individual complaints and issues of investigation and  
18 inquiry reveal a problem in the child welfare system, not just  
19 individual cases, that necessitates legislative action for improved  
20 policies and restructuring of the child welfare system.

21                   (2) It is not the intent of the Legislature in enacting  
22 the Office of Inspector General of Nebraska Child Welfare Act to  
23 interfere with the duties of the ~~Legislative Performance Audit~~  
24 ~~Section of the Legislative Performance Audit Committee~~ Legislative  
25 Auditor or the Legislative Fiscal Analyst or to interfere with the

1 statutorily defined investigative responsibilities or prerogatives of  
2 any officer, agency, board, bureau, commission, association, society,  
3 or institution of the executive branch of state government, except  
4 that the act does not preclude an inquiry on the sole basis that  
5 another agency has the same responsibility. The act shall not be  
6 construed to interfere with or supplant the responsibilities or  
7 prerogatives of the Governor to investigate, monitor, and report on  
8 the activities of the agencies, boards, bureaus, commissions,  
9 associations, societies, and institutions of the executive branch  
10 under his or her administrative direction.

11           Sec. 2. Section 50-1202, Reissue Revised Statutes of  
12 Nebraska, is amended to read:

13           50-1202 (1) The Legislature hereby finds and declares  
14 that pursuant to section 50-402 it is the duty of the Legislative  
15 Council to do independent assessments of the performance of state  
16 government organizations, programs, activities, and functions in  
17 order to provide information to improve public accountability and  
18 facilitate decisionmaking by parties with responsibility to oversee  
19 or initiate corrective action.

20           (2) The purpose of the Legislative Performance Audit Act  
21 is to provide for a system of performance audits to be conducted by  
22 the ~~Legislative Performance Audit Section~~ office of Legislative Audit  
23 as directed by the Legislative Performance Audit Committee.

24           (3) It is not the purpose of the act to interfere with  
25 the duties of the Public Counsel or the Legislative Fiscal Analyst or

1 to interfere with the statutorily defined investigative  
2 responsibilities or prerogative of any executive state officer,  
3 agency, board, bureau, commission, association, society, or  
4 institution, except that the act shall not be construed to preclude a  
5 performance audit of an agency on the basis that another agency has  
6 the same responsibility. The act shall not be construed to interfere  
7 with or supplant the responsibilities or prerogative of the Governor  
8 to monitor and report on the performance of the agencies, boards,  
9 bureaus, commissions, associations, societies, and institutions under  
10 his or her administrative direction.

11           Sec. 3. Section 50-1203, Reissue Revised Statutes of  
12 Nebraska, is amended to read:

13           50-1203 For purposes of the Legislative Performance Audit  
14 Act:

15           (1) Agency means any department, board, commission, or  
16 other governmental unit of the State of Nebraska acting or purporting  
17 to act by reason of connection with the State of Nebraska but does  
18 not include (a) any court, (b) the Governor or his or her personal  
19 staff, (c) any political subdivision or entity thereof, or (d) any  
20 entity of the federal government;

21           (2) Auditor of Public Accounts means the Auditor of  
22 Public Accounts whose powers and duties are prescribed in section  
23 84-304;

24           (3) Business day means a day on which state offices are  
25 open for regular business;

1                   (4) Committee means the Legislative Performance Audit  
2 Committee;

3                   (5) Committee report means the report released by the  
4 committee at the conclusion of a performance audit;

5                   (6) Legislative Auditor means the Legislative Auditor  
6 appointed by the Executive Board of the Legislative Council under  
7 section 50-401.01;

8                   (7) Majority vote means a vote by the majority of the  
9 committee's members;

10                   (8) Office means the office of Legislative Audit;

11                   ~~(8)~~ (9) Performance audit means an objective and  
12 systematic examination of evidence for the purpose of providing an  
13 independent assessment of the performance of a government  
14 organization, program, activity, or function in order to provide  
15 information to improve public accountability and facilitate  
16 decisionmaking by parties with responsibility to oversee or initiate  
17 corrective action. Performance audits may have a variety of  
18 objectives, including the assessment of a program's effectiveness and  
19 results, economy and efficiency, internal control, and compliance  
20 with legal or other requirements;

21                   ~~(9)~~ (10) Preaudit inquiry means an investigatory process  
22 during which the ~~section~~ office gathers and examines evidence to  
23 determine if a performance audit topic has merit; and

24                   ~~(10)~~ ~~Section~~ means ~~the~~ ~~Legislative~~ ~~Performance~~ ~~Audit~~  
25 ~~Section;~~ and

1                   (11) Working papers means those documents containing  
2 evidence to support the ~~section's~~office's findings, opinions,  
3 conclusions, and judgments and includes the collection of evidence  
4 prepared or obtained by the ~~section~~office during the performance  
5 audit or preaudit inquiry.

6                   Sec. 4. Section 50-1204, Reissue Revised Statutes of  
7 Nebraska, is amended to read:

8                   50-1204 (1) The Legislative Performance Audit Committee  
9 is hereby established as a special legislative committee to exercise  
10 the authority and perform the duties provided for in the Legislative  
11 Performance Audit Act. The committee shall be composed of the Speaker  
12 of the Legislature, the chairperson of the Executive Board of the  
13 Legislative Council, the chairperson of the Appropriations Committee  
14 of the Legislature, and four other members of the Legislature to be  
15 chosen by the Executive Board of the Legislative Council. The  
16 executive board shall ensure that the Legislative Performance Audit  
17 Committee includes adequate geographic representation. The  
18 chairperson and vice-chairperson of the Legislative Performance Audit  
19 Committee shall be elected by majority vote. The committee shall be  
20 subject to all rules prescribed by the Legislature. The committee  
21 shall be reconstituted at the beginning of each Legislature and shall  
22 meet as needed.

23                   (2) ~~The Legislative Performance Audit Section is~~  
24 ~~established. The section shall be administered by the Legislative~~  
25 Auditor, ~~who~~ shall ensure that performance audit work conducted by

1 the ~~section—office~~ conforms with performance audit standards  
2 contained in the Government Auditing Standards (2007 revision) as  
3 required in section 50-1205.01. The ~~section—office~~ shall be composed  
4 of the Legislative Auditor and other employees of the Legislature  
5 employed to conduct performance audits. The ~~section—office~~ shall be  
6 the custodian of all records generated by the committee or ~~section~~  
7 office except as provided by section 50-1213, subsection (11) of  
8 section 77-2711, or subdivision (10)(a) of section 77-27,119. The  
9 ~~section—office~~ shall inform the Legislative Fiscal Analyst of its  
10 activities and consult with him or her as needed. The ~~section—office~~  
11 shall operate under the general direction of the committee.

12           Sec. 5. Section 50-1205, Revised Statutes Cumulative  
13 Supplement, 2012, is amended to read:

14           50-1205 The committee shall:

15           (1) Adopt, by majority vote, procedures consistent with  
16 the Legislative Performance Audit Act to govern the business of the  
17 committee and the conduct of performance audits;

18           (2) Ensure that performance audits done by the committee  
19 are not undertaken based on or influenced by special or partisan  
20 interests;

21           (3) Review performance audit requests and select, by  
22 majority vote, agencies or agency programs for performance audit;

23           (4) Review, amend, if necessary, and approve a scope  
24 statement and an audit plan for each performance audit;

25           (5) Respond to inquiries regarding performance audits;

1           (6) Inspect or approve the inspection of the premises, or  
2 any parts thereof, of any agency or any property owned, leased, or  
3 operated by an agency as frequently as is necessary in the opinion of  
4 the committee to carry out a performance audit or preaudit inquiry;

5           (7) Inspect and examine, or approve the inspection and  
6 examination of, the records and documents of any agency as a part of  
7 a performance audit or preaudit inquiry;

8           (8) Administer oaths, issue subpoenas, compel the  
9 attendance of witnesses and the production of any papers, books,  
10 accounts, documents, and testimony, and cause the depositions of  
11 witnesses either residing within or without the state to be taken in  
12 the manner prescribed by law for taking depositions in civil actions  
13 in the district court;

14           (9) Review completed performance audit reports prepared  
15 by the ~~section, office,~~ together with comments from the evaluated  
16 agency, and adopt recommendations and incorporate them into a  
17 committee report;

18           (10) Release the committee report to the public and  
19 distribute it electronically to the Legislature with or without  
20 benefit of a public hearing;

21           (11) Hold a public hearing, at the committee's  
22 discretion, for the purpose of receiving testimony prior to issuance  
23 of the committee report;

24           (12) Establish a system to ascertain and monitor an  
25 agency's implementation of the recommendations contained in the

1 committee report and compliance with any statutory changes resulting  
2 from the recommendations;

3 (13) Issue an annual report each September, to be  
4 prepared by the Legislative Auditor and approved by the committee,  
5 summarizing recommendations made pursuant to reports of performance  
6 audits during the previous fiscal year and the status of  
7 implementation of those recommendations;

8 (14) Consult with the Legislative Auditor regarding the  
9 staffing and budgetary needs of the ~~section-office~~ and assist in  
10 presenting budget requests to the Appropriations Committee of the  
11 Legislature;

12 (15) Approve or reject, within the budgetary limits of  
13 the ~~section-office~~, contracts to retain consultants to assist with  
14 performance audits requiring specialized knowledge or expertise.  
15 Requests for consultant contracts shall be approved by the  
16 Legislative Auditor and presented to the Legislative Performance  
17 Audit Committee by the Legislative Auditor. A majority vote shall be  
18 required to approve consultant contract requests. For purposes of  
19 section 50-1213, subsection (11) of section 77-2711, and subsections  
20 (10) through (13) of section 77-27,119, any consultant retained to  
21 assist with a performance audit or preaudit inquiry shall be  
22 considered an employee of the ~~section-office~~ during the course of the  
23 contract; and

24 (16) At its discretion, and with the agreement of the  
25 Auditor of Public Accounts, conduct joint fiscal or performance

1 audits with the Auditor of Public Accounts. The details of any joint  
2 audit shall be agreed upon in writing by the committee and the  
3 Auditor of Public Accounts.

4 Sec. 6. Section 50-1208, Reissue Revised Statutes of  
5 Nebraska, is amended to read:

6 50-1208 (1) The committee shall, by majority vote, adopt  
7 requests for performance audit. The committee chairperson shall  
8 notify each requester of any action taken on his or her request.

9 (2) Before the ~~section-office~~ begins a performance audit,  
10 it shall notify in writing the agency director, the program director,  
11 when relevant, and the Governor that a performance audit will be  
12 conducted.

13 (3) Following notification, the ~~section-office~~ shall  
14 arrange an entrance conference to provide the agency with further  
15 information about the audit process. The agency director shall inform  
16 the agency staff, in writing, of the performance audit and shall  
17 instruct agency staff to cooperate fully with the ~~section-~~ office.

18 (4) After the entrance conference, the ~~section-office~~  
19 shall conduct the research necessary to draft a scope statement for  
20 consideration by the committee. The scope statement shall identify  
21 the specific issues to be addressed in the audit. The committee  
22 shall, by majority vote, adopt, reject, or amend and adopt the scope  
23 statement prepared by the ~~section-~~ office.

24 (5) Once the committee has adopted a scope statement, the  
25 ~~section-office~~ shall develop an audit plan. The audit plan shall

1 include a description of the research and audit methodologies to be  
2 employed and a projected deadline for completion of the ~~section's~~  
3 office's report. The audit plan shall be submitted to the committee,  
4 and a majority vote shall be required for its approval.

5 (6) If the performance audit reveals a need to modify the  
6 scope statement or audit plan, the Legislative Auditor may request  
7 that the committee make revisions. A majority vote shall be required  
8 to revise the scope statement or audit plan. The agency shall be  
9 notified in writing of any revision to the scope statement or audit  
10 plan.

11 Sec. 7. Section 50-1209, Reissue Revised Statutes of  
12 Nebraska, is amended to read:

13 50-1209 Upon approval of an audit plan pursuant to  
14 section 50-1208, the agency shall be notified in writing of the  
15 specific scope of the audit and the projected deadline for completion  
16 of the ~~section's~~office's report. If the ~~section~~office needs  
17 information from a political subdivision or entity thereof to  
18 effectively conduct a performance audit of an agency, the political  
19 subdivision or entity thereof shall provide information, on request,  
20 to the ~~section~~office.

21 Sec. 8. Section 50-1210, Revised Statutes Cumulative  
22 Supplement, 2012, is amended to read:

23 50-1210 (1) Upon completion of a performance audit, the  
24 ~~section~~office shall prepare a report of its findings and  
25 recommendations for action. The Legislative Auditor shall provide the

1 ~~section's~~office's report concurrently to the committee, agency  
2 director, and Legislative Fiscal Analyst. The report submitted to the  
3 committee and the Legislative Fiscal Analyst shall be submitted  
4 electronically. The committee may, by majority vote, release the  
5 ~~section's~~office's report or portions thereof to other individuals,  
6 with the stipulation that the released material shall be kept  
7 confidential.

8           (2) When the Legislative Auditor provides the report to  
9 the Legislative Fiscal Analyst, the Legislative Fiscal Analyst shall  
10 issue an opinion to the committee indicating whether the ~~section's~~  
11 office's recommendations can be implemented by the agency within its  
12 current appropriation.

13           (3) When the Legislative Auditor provides the report to  
14 the agency, the agency shall have twenty business days from the date  
15 of receipt of the report to provide a written response. Any written  
16 response received from the agency shall be attached to the committee  
17 report. The agency shall not release any part of the report to any  
18 person outside the agency, except that an agency may discuss the  
19 report with the Governor. The Governor shall not release any part of  
20 the report.

21           (4) Following receipt of any written response from the  
22 agency, the Legislative Auditor shall prepare a brief written summary  
23 of the response, including a description of any significant  
24 disagreements the agency has with the ~~section's~~office's report or  
25 recommendations.

1           Sec. 9. Section 50-1211, Revised Statutes Cumulative  
2 Supplement, 2012, is amended to read:

3           50-1211 (1) The committee shall review the ~~section's~~  
4 office's report, the agency's response, the Legislative Auditor's  
5 summary of the agency's response, and the Legislative Fiscal  
6 Analyst's opinion prescribed in section 50-1210. The committee may  
7 amend and shall adopt or reject each recommendation in the report and  
8 indicate whether each recommendation can be implemented by the agency  
9 within its current appropriation. The adopted recommendations shall  
10 be incorporated into a committee report, which shall be approved by  
11 majority vote.

12           (2) The committee report shall include, but not be  
13 limited to, the ~~section's~~ office's report, the agency's written  
14 response to the report, the Legislative Auditor's summary of the  
15 agency response, the committee's recommendations, and any opinions of  
16 the Legislative Fiscal Analyst regarding whether the committee's  
17 recommendations can be implemented by the agency within its current  
18 appropriation.

19           (3) The committee may decide, by majority vote, to defer  
20 adoption of a committee report pending a public hearing. If the  
21 committee elects to schedule a public hearing, it shall release, for  
22 review by interested persons prior to the hearing, the ~~section's~~  
23 office's report, the agency's response, the Legislative Auditor's  
24 summary of the agency's response, and any opinions of the Legislative  
25 Fiscal Analyst. The public hearing shall be held not less than ten

1 nor more than twenty business days following release of the  
2 materials.

3 (4) When the committee elects to schedule a hearing, a  
4 summary of the testimony received at the hearing shall be attached to  
5 the committee report as an addendum. A transcript of the testimony  
6 received at the hearing shall be on file with the committee and  
7 available for public inspection. Unless the committee votes to delay  
8 release of the committee report, the report shall be released within  
9 forty business days after the public hearing.

10 (5) Once the committee has approved its report, the  
11 committee shall, by majority vote, cause the committee report to be  
12 released to all members of the Legislature and to the public. The  
13 report submitted to the members of the Legislature shall be submitted  
14 electronically. The committee may, by majority vote, release the  
15 committee report or portions thereof prior to public release of the  
16 report.

17 Sec. 10. Section 50-1213, Reissue Revised Statutes of  
18 Nebraska, is amended to read:

19 50-1213 (1) The ~~section-office~~ shall have access to any  
20 and all information and records, confidential or otherwise, of any  
21 agency, in whatever form they may be, unless the ~~section-office is~~  
22 denied such access by federal law or explicitly named and denied such  
23 access by state law. If such a law exists, the agency shall provide  
24 the committee with a written explanation of its inability to produce  
25 such information and records and, after reasonable accommodations are

1 made, shall grant the ~~section-office~~ access to all information and  
2 records or portions thereof that can legally be reviewed.  
3 Accommodations that may be negotiated between the agency and the  
4 committee include, but are not limited to, a requirement that  
5 specified information or records be reviewed on agency premises and a  
6 requirement that specified working papers be securely stored on  
7 agency premises.

8 (2) Except as provided in this section, any confidential  
9 information or confidential records shared with the ~~section-office~~  
10 shall remain confidential and shall not be shared by an employee of  
11 the ~~section-office~~ with any person who is not an employee of the  
12 ~~section, office,~~ including any member of the committee. If necessary  
13 for the conduct of the performance audit, the ~~section-office~~ may  
14 discuss or share confidential information with the chairperson of the  
15 committee. If a dispute arises between the ~~section-office~~ and the  
16 agency as to the accuracy of a performance audit or preaudit inquiry  
17 involving confidential information or confidential records, the  
18 Speaker of the Legislature, as a member of the committee, will be  
19 allowed access to the confidential information or confidential  
20 records for the purpose of assessing the accuracy of the performance  
21 audit or preaudit inquiry.

22 (3) Except as provided in subdivision (10)(c) of section  
23 77-27,119, if the speaker or chairperson knowingly divulges or makes  
24 known, in any manner not permitted by law, confidential information  
25 or confidential records, he or she shall be guilty of a Class III

1 misdemeanor. Except as provided in subsection (11) of section 77-2711  
2 and subdivision (10)(c) of section 77-27,119, if any employee or  
3 former employee of the ~~section-office~~ knowingly divulges or makes  
4 known, in any manner not permitted by law, confidential information  
5 or confidential records, he or she shall be guilty of a Class III  
6 misdemeanor and, in the case of an employee, shall be dismissed.

7 (4) No proceeding of the committee or opinion or  
8 expression of any member of the committee or ~~section-office~~ employee  
9 acting at the direction of the committee shall be reviewable in any  
10 court. No member of the committee or ~~section-office~~ employee acting  
11 at the direction of the committee shall be required to testify or  
12 produce evidence in any judicial or administrative proceeding  
13 concerning matters relating to the work of the ~~section-office~~ except  
14 in a proceeding brought to enforce the Legislative Performance Audit  
15 Act.

16 (5) Pursuant to sections 84-712 and 84-712.01 and  
17 subdivision (5) of section 84-712.05, the working papers obtained or  
18 produced by the committee or ~~section-office~~ shall not be considered  
19 public records. The committee may make the working papers available  
20 for purposes of an external quality control review as required by  
21 generally accepted government auditing standards. However, any  
22 reports made from such external quality control review shall not make  
23 public any information which would be considered confidential when in  
24 the possession of the ~~section-~~ office.

25 Sec. 11. Section 50-1214, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2           50-1214 By majority vote, the committee may decide not to  
3 include in any document that will be a public record the names of  
4 persons providing information to the ~~section-office~~ or committee.

5           No employee of the State of Nebraska who provides  
6 information to the committee or ~~section-office~~ shall be subject to  
7 any penalties, sanctions, or restrictions in connection with his or  
8 her employment as a result of the provision of such information.

9           Sec. 12. Section 77-2711, Revised Statutes Cumulative  
10 Supplement, 2012, is amended to read:

11           77-2711 (1)(a) The Tax Commissioner shall enforce  
12 sections 77-2701.04 to 77-2713 and may prescribe, adopt, and enforce  
13 rules and regulations relating to the administration and enforcement  
14 of such sections.

15           (b) The Tax Commissioner may prescribe the extent to  
16 which any ruling or regulation shall be applied without retroactive  
17 effect.

18           (2) The Tax Commissioner may employ accountants,  
19 auditors, investigators, assistants, and clerks necessary for the  
20 efficient administration of the Nebraska Revenue Act of 1967 and may  
21 delegate authority to his or her representatives to conduct hearings,  
22 prescribe regulations, or perform any other duties imposed by such  
23 act.

24           (3)(a) Every seller, every retailer, and every person  
25 storing, using, or otherwise consuming in this state property

1 purchased from a retailer shall keep such records, receipts,  
2 invoices, and other pertinent papers in such form as the Tax  
3 Commissioner may reasonably require.

4 (b) Every such seller, retailer, or person shall keep  
5 such records for not less than three years from the making of such  
6 records unless the Tax Commissioner in writing sooner authorized  
7 their destruction.

8 (4) The Tax Commissioner or any person authorized in  
9 writing by him or her may examine the books, papers, records, and  
10 equipment of any person selling property and any person liable for  
11 the use tax and may investigate the character of the business of the  
12 person in order to verify the accuracy of any return made or, if no  
13 return is made by the person, to ascertain and determine the amount  
14 required to be paid. In the examination of any person selling  
15 property or of any person liable for the use tax, an inquiry shall be  
16 made as to the accuracy of the reporting of city sales and use taxes  
17 for which the person is liable under the Local Option Revenue Act or  
18 sections 13-319, 13-324, and 13-2813 and the accuracy of the  
19 allocation made between the various counties, cities, villages, and  
20 municipal counties of the tax due. The Tax Commissioner may make or  
21 cause to be made copies of resale or exemption certificates and may  
22 pay a reasonable amount to the person having custody of the records  
23 for providing such copies.

24 (5) The taxpayer shall have the right to keep or store  
25 his or her records at a point outside this state and shall make his

1 or her records available to the Tax Commissioner at all times.

2 (6) In administration of the use tax, the Tax  
3 Commissioner may require the filing of reports by any person or class  
4 of persons having in his, her, or their possession or custody  
5 information relating to sales of property, the storage, use, or other  
6 consumption of which is subject to the tax. The report shall be filed  
7 when the Tax Commissioner requires and shall set forth the names and  
8 addresses of purchasers of the property, the sales price of the  
9 property, the date of sale, and such other information as the Tax  
10 Commissioner may require.

11 (7) It shall be a Class I misdemeanor for the Tax  
12 Commissioner or any official or employee of the Tax Commissioner, the  
13 State Treasurer, or the Department of Administrative Services to make  
14 known in any manner whatever the business affairs, operations, or  
15 information obtained by an investigation of records and activities of  
16 any retailer or any other person visited or examined in the discharge  
17 of official duty or the amount or source of income, profits, losses,  
18 expenditures, or any particular thereof, set forth or disclosed in  
19 any return, or to permit any return or copy thereof, or any book  
20 containing any abstract or particulars thereof to be seen or examined  
21 by any person not connected with the Tax Commissioner. Nothing in  
22 this section shall be construed to prohibit (a) the delivery to a  
23 taxpayer, his or her duly authorized representative, or his or her  
24 successors, receivers, trustees, executors, administrators,  
25 assignees, or guarantors, if directly interested, of a certified copy

1 of any return or report in connection with his or her tax, (b) the  
2 publication of statistics so classified as to prevent the  
3 identification of particular reports or returns and the items  
4 thereof, (c) the inspection by the Attorney General, other legal  
5 representative of the state, or county attorney of the reports or  
6 returns of any taxpayer when either (i) information on the reports or  
7 returns is considered by the Attorney General to be relevant to any  
8 action or proceeding instituted by the taxpayer or against whom an  
9 action or proceeding is being considered or has been commenced by any  
10 state agency or the county or (ii) the taxpayer has instituted an  
11 action to review the tax based thereon or an action or proceeding  
12 against the taxpayer for collection of tax or failure to comply with  
13 the Nebraska Revenue Act of 1967 is being considered or has been  
14 commenced, (d) the furnishing of any information to the United States  
15 Government or to states allowing similar privileges to the Tax  
16 Commissioner, (e) the disclosure of information and records to a  
17 collection agency contracting with the Tax Commissioner pursuant to  
18 sections 77-377.01 to 77-377.04, (f) the disclosure to another party  
19 to a transaction of information and records concerning the  
20 transaction between the taxpayer and the other party, (g) the  
21 disclosure of information pursuant to section 77-27,195 or 77-5731,  
22 or (h) the disclosure of information to the Department of Labor  
23 necessary for the administration of the Employment Security Law, the  
24 Contractor Registration Act, or the Employee Classification Act.

25 (8) Notwithstanding the provisions of subsection (7) of

1 this section, the Tax Commissioner may permit the Postal Inspector of  
2 the United States Postal Service or his or her delegates to inspect  
3 the reports or returns of any person filed pursuant to the Nebraska  
4 Revenue Act of 1967 when information on the reports or returns is  
5 relevant to any action or proceeding instituted or being considered  
6 by the United States Postal Service against such person for the  
7 fraudulent use of the mails to carry and deliver false and fraudulent  
8 tax returns to the Tax Commissioner with the intent to defraud the  
9 State of Nebraska or to evade the payment of Nebraska state taxes.

10 (9) Notwithstanding the provisions of subsection (7) of  
11 this section, the Tax Commissioner may permit other tax officials of  
12 this state to inspect the tax returns, reports, and applications  
13 filed under sections 77-2701.04 to 77-2713, but such inspection shall  
14 be permitted only for purposes of enforcing a tax law and only to the  
15 extent and under the conditions prescribed by the rules and  
16 regulations of the Tax Commissioner.

17 (10) Notwithstanding the provisions of subsection (7) of  
18 this section, the Tax Commissioner may, upon request, provide the  
19 county board of any county which has exercised the authority granted  
20 by section 81-3716 with a list of the names and addresses of the  
21 hotels located within the county for which lodging sales tax returns  
22 have been filed or for which lodging sales taxes have been remitted  
23 for the county's County Visitors Promotion Fund under the Nebraska  
24 Visitors Development Act.

25 The information provided by the Tax Commissioner shall

1 indicate only the names and addresses of the hotels located within  
2 the requesting county for which lodging sales tax returns have been  
3 filed for a specified period and the fact that lodging sales taxes  
4 remitted by or on behalf of the hotel have constituted a portion of  
5 the total sum remitted by the state to the county for a specified  
6 period under the provisions of the Nebraska Visitors Development Act.  
7 No additional information shall be revealed.

8 (11)(a) Notwithstanding the provisions of subsection (7)  
9 of this section, the Tax Commissioner shall, upon written request by  
10 the Auditor of Public Accounts or the Legislative Performance Audit  
11 Committee, make tax returns and tax return information open to  
12 inspection by or disclosure to the Auditor of Public Accounts or  
13 ~~Legislative Performance Audit Section~~ employees of the office of  
14 Legislative Audit for the purpose of and to the extent necessary in  
15 making an audit of the Department of Revenue pursuant to section  
16 50-1205 or 84-304. Confidential tax returns and tax return  
17 information shall be audited only upon the premises of the Department  
18 of Revenue. All audit workpapers pertaining to the audit of the  
19 Department of Revenue shall be stored in a secure place in the  
20 Department of Revenue.

21 (b) No employee of the Auditor of Public Accounts or  
22 ~~Legislative Performance Audit Section~~ the office of Legislative Audit  
23 shall disclose to any person, other than another Auditor of Public  
24 Accounts or ~~Legislative Performance Audit Section~~ office employee  
25 whose official duties require such disclosure or as provided in

1 subsections (2) and (3) of section 50-1213, any return or return  
2 information described in the Nebraska Revenue Act of 1967 in a form  
3 which can be associated with or otherwise identify, directly or  
4 indirectly, a particular taxpayer.

5 (c) Any person who violates the provisions of this  
6 subsection shall be guilty of a Class I misdemeanor. For purposes of  
7 this subsection, employee includes a former Auditor of Public  
8 Accounts or ~~Legislative Performance Audit Section~~ office employee.

9 (12) For purposes of this subsection and subsections (11)  
10 and (14) of this section:

11 (a) Disclosure means the making known to any person in  
12 any manner a tax return or return information;

13 (b) Return information means:

14 (i) A taxpayer's identification number and (A) the  
15 nature, source, or amount of his or her income, payments, receipts,  
16 deductions, exemptions, credits, assets, liabilities, net worth, tax  
17 liability, tax withheld, deficiencies, overassessments, or tax  
18 payments, whether the taxpayer's return was, is being, or will be  
19 examined or subject to other investigation or processing or (B) any  
20 other data received by, recorded by, prepared by, furnished to, or  
21 collected by the Tax Commissioner with respect to a return or the  
22 determination of the existence or possible existence of liability or  
23 the amount of liability of any person for any tax, penalty, interest,  
24 fine, forfeiture, or other imposition or offense; and

25 (ii) Any part of any written determination or any

1 background file document relating to such written determination; and

2 (c) Tax return or return means any tax or information  
3 return or claim for refund required by, provided for, or permitted  
4 under sections 77-2701 to 77-2713 which is filed with the Tax  
5 Commissioner by, on behalf of, or with respect to any person and any  
6 amendment or supplement thereto, including supporting schedules,  
7 attachments, or lists which are supplemental to or part of the filed  
8 return.

9 (13) Notwithstanding the provisions of subsection (7) of  
10 this section, the Tax Commissioner shall, upon request, provide any  
11 municipality which has adopted the local option sales tax under the  
12 Local Option Revenue Act with a list of the names and addresses of  
13 the retailers which have collected the local option sales tax for the  
14 municipality. The request may be made annually and shall be submitted  
15 to the Tax Commissioner on or before June 30 of each year. The  
16 information provided by the Tax Commissioner shall indicate only the  
17 names and addresses of the retailers. The Tax Commissioner may  
18 provide additional information to a municipality so long as the  
19 information does not include any data detailing the specific revenue,  
20 expenses, or operations of any particular business.

21 (14)(a) Notwithstanding the provisions of subsection (7)  
22 of this section, the Tax Commissioner shall, upon written request,  
23 provide a municipal employee certified under subdivision (b) of this  
24 subsection representing a municipality which has adopted the local  
25 option sales tax under the Local Option Revenue Act with confidential

1 sales tax returns and sales tax return information regarding  
2 taxpayers that possess a sales tax permit and the amounts remitted by  
3 such permitholders at locations within the boundaries of the  
4 requesting municipality. Any written request pursuant to this  
5 subsection shall provide the Department of Revenue with no less than  
6 ten business days to prepare the sales tax returns and sales tax  
7 return information requested. Such returns and return information  
8 shall be viewed only upon the premises of the department.

9 (b) Each municipality that seeks to request information  
10 under subdivision (a) of this subsection shall certify to the  
11 Department of Revenue one municipal employee who is authorized by  
12 such municipality to make such request and review the documents  
13 described in subdivision (a) of this subsection.

14 (c) No municipal employee certified by a municipality  
15 pursuant to subdivision (b) of this subsection shall disclose to any  
16 person any information obtained pursuant to a review by that  
17 municipal employee pursuant to this subsection. A municipal employee  
18 certified by a municipality pursuant to subdivision (b) of this  
19 subsection shall remain subject to this subsection after he or she  
20 (i) is no longer certified or (ii) is no longer in the employment of  
21 the certifying municipality.

22 (d) Any person who violates the provisions of this  
23 subsection shall be guilty of a Class I misdemeanor.

24 (e) The Department of Revenue shall not be held liable by  
25 any person for an impermissible disclosure by a municipality or any

1 agent or employee thereof of any information obtained pursuant to a  
2 review under this subsection.

3 (15) In all proceedings under the Nebraska Revenue Act of  
4 1967, the Tax Commissioner may act for and on behalf of the people of  
5 the State of Nebraska. The Tax Commissioner in his or her discretion  
6 may waive all or part of any penalties provided by the provisions of  
7 such act or interest on delinquent taxes specified in section  
8 45-104.02, as such rate may from time to time be adjusted.

9 (16)(a) The purpose of this subsection is to set forth  
10 the state's policy for the protection of the confidentiality rights  
11 of all participants in the system operated pursuant to the  
12 streamlined sales and use tax agreement and of the privacy interests  
13 of consumers who deal with model 1 sellers.

14 (b) For purposes of this subsection:

15 (i) Anonymous data means information that does not  
16 identify a person;

17 (ii) Confidential taxpayer information means all  
18 information that is protected under a member state's laws,  
19 regulations, and privileges; and

20 (iii) Personally identifiable information means  
21 information that identifies a person.

22 (c) The state agrees that a fundamental precept for model  
23 1 sellers is to preserve the privacy of consumers by protecting their  
24 anonymity. With very limited exceptions, a certified service provider  
25 shall perform its tax calculation, remittance, and reporting

1 functions without retaining the personally identifiable information  
2 of consumers.

3 (d) The governing board of the member states in the  
4 streamlined sales and use tax agreement may certify a certified  
5 service provider only if that certified service provider certifies  
6 that:

7 (i) Its system has been designed and tested to ensure  
8 that the fundamental precept of anonymity is respected;

9 (ii) Personally identifiable information is only used and  
10 retained to the extent necessary for the administration of model 1  
11 with respect to exempt purchasers;

12 (iii) It provides consumers clear and conspicuous notice  
13 of its information practices, including what information it collects,  
14 how it collects the information, how it uses the information, how  
15 long, if at all, it retains the information, and whether it discloses  
16 the information to member states. Such notice shall be satisfied by a  
17 written privacy policy statement accessible by the public on the web  
18 site of the certified service provider;

19 (iv) Its collection, use, and retention of personally  
20 identifiable information is limited to that required by the member  
21 states to ensure the validity of exemptions from taxation that are  
22 claimed by reason of a consumer's status or the intended use of the  
23 goods or services purchased; and

24 (v) It provides adequate technical, physical, and  
25 administrative safeguards so as to protect personally identifiable

1 information from unauthorized access and disclosure.

2 (e) The state shall provide public notification to  
3 consumers, including exempt purchasers, of the state's practices  
4 relating to the collection, use, and retention of personally  
5 identifiable information.

6 (f) When any personally identifiable information that has  
7 been collected and retained is no longer required for the purposes  
8 set forth in subdivision (16)(d)(iv) of this section, such  
9 information shall no longer be retained by the member states.

10 (g) When personally identifiable information regarding an  
11 individual is retained by or on behalf of the state, it shall provide  
12 reasonable access by such individual to his or her own information in  
13 the state's possession and a right to correct any inaccurately  
14 recorded information.

15 (h) If anyone other than a member state, or a person  
16 authorized by that state's law or the agreement, seeks to discover  
17 personally identifiable information, the state from whom the  
18 information is sought should make a reasonable and timely effort to  
19 notify the individual of such request.

20 (i) This privacy policy is subject to enforcement by the  
21 Attorney General.

22 (j) All other laws and regulations regarding the  
23 collection, use, and maintenance of confidential taxpayer information  
24 remain fully applicable and binding. Without limitation, this  
25 subsection does not enlarge or limit the state's authority to:

1                   (i) Conduct audits or other reviews as provided under the  
2 agreement and state law;

3                   (ii) Provide records pursuant to the federal Freedom of  
4 Information Act, disclosure laws with governmental agencies, or other  
5 regulations;

6                   (iii) Prevent, consistent with state law, disclosure of  
7 confidential taxpayer information;

8                   (iv) Prevent, consistent with federal law, disclosure or  
9 misuse of federal return information obtained under a disclosure  
10 agreement with the Internal Revenue Service; and

11                   (v) Collect, disclose, disseminate, or otherwise use  
12 anonymous data for governmental purposes.

13                   Sec. 13. Section 77-27,119, Revised Statutes Cumulative  
14 Supplement, 2012, is amended to read:

15                   77-27,119 (1) The Tax Commissioner shall administer and  
16 enforce the income tax imposed by sections 77-2714 to 77-27,135, and  
17 he or she is authorized to conduct hearings, to adopt and promulgate  
18 such rules and regulations, and to require such facts and information  
19 to be reported as he or she may deem necessary to enforce the income  
20 tax provisions of such sections, except that such rules, regulations,  
21 and reports shall not be inconsistent with the laws of this state or  
22 the laws of the United States. The Tax Commissioner may for  
23 enforcement and administrative purposes divide the state into a  
24 reasonable number of districts in which branch offices may be  
25 maintained.

1           (2)(a) The Tax Commissioner may prescribe the form and  
2 contents of any return or other document required to be filed under  
3 the income tax provisions. Such return or other document shall be  
4 compatible as to form and content with the return or document  
5 required by the laws of the United States. The form shall have a  
6 place where the taxpayer shall designate the high school district in  
7 which he or she lives and the county in which the high school  
8 district is headquartered. The Tax Commissioner shall adopt and  
9 promulgate such rules and regulations as may be necessary to insure  
10 compliance with this requirement.

11           (b) The State Department of Education, with the  
12 assistance and cooperation of the Department of Revenue, shall  
13 develop a uniform system for numbering all school districts in the  
14 state. Such system shall be consistent with the data processing needs  
15 of the Department of Revenue and shall be used for the school  
16 district identification required by subdivision (a) of this  
17 subsection.

18           (c) The proper filing of an income tax return shall  
19 consist of the submission of such form as prescribed by the Tax  
20 Commissioner or an exact facsimile thereof with sufficient  
21 information provided by the taxpayer on the face of the form from  
22 which to compute the actual tax liability. Each taxpayer shall  
23 include such taxpayer's correct social security number or state  
24 identification number and the school district identification number  
25 of the school district in which the taxpayer resides on the face of

1 the form. A filing is deemed to occur when the required information  
2 is provided.

3 (3) The Tax Commissioner, for the purpose of ascertaining  
4 the correctness of any return or other document required to be filed  
5 under the income tax provisions, for the purpose of determining  
6 corporate income, individual income, and withholding tax due, or for  
7 the purpose of making an estimate of taxable income of any person,  
8 shall have the power to examine or to cause to have examined, by any  
9 agent or representative designated by him or her for that purpose,  
10 any books, papers, records, or memoranda bearing upon such matters  
11 and may by summons require the attendance of the person responsible  
12 for rendering such return or other document or remitting any tax, or  
13 any officer or employee of such person, or the attendance of any  
14 other person having knowledge in the premises, and may take testimony  
15 and require proof material for his or her information, with power to  
16 administer oaths or affirmations to such person or persons.

17 (4) The time and place of examination pursuant to this  
18 section shall be such time and place as may be fixed by the Tax  
19 Commissioner and as are reasonable under the circumstances. In the  
20 case of a summons, the date fixed for appearance before the Tax  
21 Commissioner shall not be less than twenty days from the time of  
22 service of the summons.

23 (5) No taxpayer shall be subjected to unreasonable or  
24 unnecessary examinations or investigations.

25 (6) Except in accordance with proper judicial order or as

1 otherwise provided by law, it shall be unlawful for the Tax  
2 Commissioner, any officer or employee of the Tax Commissioner, any  
3 person engaged or retained by the Tax Commissioner on an independent  
4 contract basis, any person who pursuant to this section is permitted  
5 to inspect any report or return or to whom a copy, an abstract, or a  
6 portion of any report or return is furnished, any employee of the  
7 State Treasurer or the Department of Administrative Services, or any  
8 other person to divulge, make known, or use in any manner the amount  
9 of income or any particulars set forth or disclosed in any report or  
10 return required except for the purpose of enforcing sections 77-2714  
11 to 77-27,135. The officers charged with the custody of such reports  
12 and returns shall not be required to produce any of them or evidence  
13 of anything contained in them in any action or proceeding in any  
14 court, except on behalf of the Tax Commissioner in an action or  
15 proceeding under the provisions of the tax law to which he or she is  
16 a party or on behalf of any party to any action or proceeding under  
17 such sections when the reports or facts shown thereby are directly  
18 involved in such action or proceeding, in either of which events the  
19 court may require the production of, and may admit in evidence, so  
20 much of such reports or of the facts shown thereby as are pertinent  
21 to the action or proceeding and no more. Nothing in this section  
22 shall be construed (a) to prohibit the delivery to a taxpayer, his or  
23 her duly authorized representative, or his or her successors,  
24 receivers, trustees, personal representatives, administrators,  
25 assignees, or guarantors, if directly interested, of a certified copy

1 of any return or report in connection with his or her tax, (b) to  
2 prohibit the publication of statistics so classified as to prevent  
3 the identification of particular reports or returns and the items  
4 thereof, (c) to prohibit the inspection by the Attorney General,  
5 other legal representatives of the state, or a county attorney of the  
6 report or return of any taxpayer who brings an action to review the  
7 tax based thereon, against whom an action or proceeding for  
8 collection of tax has been instituted, or against whom an action,  
9 proceeding, or prosecution for failure to comply with the Nebraska  
10 Revenue Act of 1967 is being considered or has been commenced, (d) to  
11 prohibit furnishing to the Nebraska Workers' Compensation Court the  
12 names, addresses, and identification numbers of employers, and such  
13 information shall be furnished on request of the court, (e) to  
14 prohibit the disclosure of information and records to a collection  
15 agency contracting with the Tax Commissioner pursuant to sections  
16 77-377.01 to 77-377.04, (f) to prohibit the disclosure of information  
17 pursuant to section 77-27,195, 77-4110, or 77-5731, (g) to prohibit  
18 the disclosure to the Public Employees Retirement Board of the  
19 addresses of individuals who are members of the retirement systems  
20 administered by the board, and such information shall be furnished to  
21 the board solely for purposes of its administration of the retirement  
22 systems upon written request, which request shall include the name  
23 and social security number of each individual for whom an address is  
24 requested, (h) to prohibit the disclosure of information to the  
25 Department of Labor necessary for the administration of the

1 Employment Security Law, the Contractor Registration Act, or the  
2 Employee Classification Act, (i) to prohibit the disclosure to the  
3 Department of Motor Vehicles of tax return information pertaining to  
4 individuals, corporations, and businesses determined by the  
5 Department of Motor Vehicles to be delinquent in the payment of  
6 amounts due under agreements pursuant to the International Fuel Tax  
7 Agreement Act, and such disclosure shall be strictly limited to  
8 information necessary for the administration of the act, or (j) to  
9 prohibit the disclosure under section 42-358.08, 43-512.06, or  
10 43-3327 to any court-appointed individuals, the county attorney, any  
11 authorized attorney, or the Department of Health and Human Services  
12 of an absent parent's address, social security number, amount of  
13 income, health insurance information, and employer's name and address  
14 for the exclusive purpose of establishing and collecting child,  
15 spousal, or medical support. Information so obtained shall be used  
16 for no other purpose. Any person who violates this subsection shall  
17 be guilty of a felony and shall upon conviction thereof be fined not  
18 less than one hundred dollars nor more than five hundred dollars, or  
19 be imprisoned not more than five years, or be both so fined and  
20 imprisoned, in the discretion of the court and shall be assessed the  
21 costs of prosecution. If the offender is an officer or employee of  
22 the state, he or she shall be dismissed from office and be ineligible  
23 to hold any public office in this state for a period of two years  
24 thereafter.

25 (7) Reports and returns required to be filed under income

1 tax provisions of sections 77-2714 to 77-27,135 shall be preserved  
2 until the Tax Commissioner orders them to be destroyed.

3 (8) Notwithstanding the provisions of subsection (6) of  
4 this section, the Tax Commissioner may permit the Secretary of the  
5 Treasury of the United States or his or her delegates or the proper  
6 officer of any state imposing an income tax, or the authorized  
7 representative of either such officer, to inspect the income tax  
8 returns of any taxpayer or may furnish to such officer or his or her  
9 authorized representative an abstract of the return of income of any  
10 taxpayer or supply him or her with information concerning an item of  
11 income contained in any return or disclosed by the report of any  
12 investigation of the income or return of income of any taxpayer, but  
13 such permission shall be granted only if the statutes of the United  
14 States or of such other state, as the case may be, grant  
15 substantially similar privileges to the Tax Commissioner of this  
16 state as the officer charged with the administration of the income  
17 tax imposed by sections 77-2714 to 77-27,135.

18 (9) Notwithstanding the provisions of subsection (6) of  
19 this section, the Tax Commissioner may permit the Postal Inspector of  
20 the United States Postal Service or his or her delegates to inspect  
21 the reports or returns of any person filed pursuant to the Nebraska  
22 Revenue Act of 1967 when information on the reports or returns is  
23 relevant to any action or proceeding instituted or being considered  
24 by the United States Postal Service against such person for the  
25 fraudulent use of the mails to carry and deliver false and fraudulent

1 tax returns to the Tax Commissioner with the intent to defraud the  
2 State of Nebraska or to evade the payment of Nebraska state taxes.

3 (10)(a) Notwithstanding the provisions of subsection (6)  
4 of this section, the Tax Commissioner shall, upon written request by  
5 the Auditor of Public Accounts or the Legislative Performance Audit  
6 Committee, make tax returns and tax return information open to  
7 inspection by or disclosure to officers and employees of the Auditor  
8 of Public Accounts or ~~Legislative Performance Audit Section~~ employees  
9 of the office of Legislative Audit for the purpose of and to the  
10 extent necessary in making an audit of the Department of Revenue  
11 pursuant to section 50-1205 or 84-304. The Auditor of Public Accounts  
12 or ~~Legislative Performance Audit Section~~ office of Legislative Audit  
13 shall statistically and randomly select the tax returns and tax  
14 return information to be audited based upon a computer tape provided  
15 by the Department of Revenue which contains only total population  
16 documents without specific identification of taxpayers. The Tax  
17 Commissioner shall have the authority to approve the statistical  
18 sampling method used by the Auditor of Public Accounts or ~~Legislative~~  
19 ~~Performance Audit Section.~~ office. Confidential tax returns and tax  
20 return information shall be audited only upon the premises of the  
21 Department of Revenue. All audit workpapers pertaining to the audit  
22 of the Department of Revenue shall be stored in a secure place in the  
23 Department of Revenue.

24 (b) No officer or employee of the Auditor of Public  
25 Accounts or ~~Legislative Performance Audit Section~~ office employee

1 shall disclose to any person, other than another officer or employee  
2 of the Auditor of Public Accounts or ~~Legislative Performance Audit~~  
3 ~~Section employee office~~ whose official duties require such disclosure  
4 or as provided in subsections (2) and (3) of section 50-1213, any  
5 return or return information described in the Nebraska Revenue Act of  
6 1967 in a form which can be associated with or otherwise identify,  
7 directly or indirectly, a particular taxpayer.

8 (c) Any person who violates the provisions of this  
9 subsection shall be guilty of a Class IV felony and, in the  
10 discretion of the court, may be assessed the costs of prosecution.  
11 The guilty officer or employee shall be dismissed from employment and  
12 be ineligible to hold any position of employment with the State of  
13 Nebraska for a period of two years thereafter. For purposes of this  
14 subsection, officer or employee shall include a former officer or  
15 employee of the Auditor of Public Accounts or former ~~Legislative~~  
16 ~~Performance Audit Section office~~ employee.

17 (11) For purposes of subsections (10) through (13) of  
18 this section:

19 (a) Tax returns shall mean any tax or information return  
20 or claim for refund required by, provided for, or permitted under  
21 sections 77-2714 to 77-27,135 which is filed with the Tax  
22 Commissioner by, on behalf of, or with respect to any person and any  
23 amendment or supplement thereto, including supporting schedules,  
24 attachments, or lists which are supplemental to or part of the filed  
25 return;

1 (b) Return information shall mean:

2 (i) A taxpayer's identification number and (A) the  
3 nature, source, or amount of his or her income, payments, receipts,  
4 deductions, exemptions, credits, assets, liabilities, net worth, tax  
5 liability, tax withheld, deficiencies, overassessments, or tax  
6 payments, whether the taxpayer's return was, is being, or will be  
7 examined or subject to other investigation or processing or (B) any  
8 other data received by, recorded by, prepared by, furnished to, or  
9 collected by the Tax Commissioner with respect to a return or the  
10 determination of the existence or possible existence of liability or  
11 the amount of liability of any person for any tax, penalty, interest,  
12 fine, forfeiture, or other imposition or offense; and

13 (ii) Any part of any written determination or any  
14 background file document relating to such written determination; and

15 (c) Disclosures shall mean the making known to any person  
16 in any manner a return or return information.

17 (12) The Auditor of Public Accounts or the Legislative  
18 Auditor ~~of the Legislative Performance Audit Section~~ shall (a) notify  
19 the Tax Commissioner in writing thirty days prior to the beginning of  
20 an audit of his or her intent to conduct an audit, (b) provide an  
21 audit plan, and (c) provide a list of the tax returns and tax return  
22 information identified for inspection during the audit.

23 (13) The Auditor of Public Accounts or the ~~Legislative~~  
24 ~~Performance Audit Section~~ office of Legislative Audit shall, as a  
25 condition for receiving tax returns and tax return information: (a)

1 Subject employees involved in the audit to the same confidential  
2 information safeguards and disclosure procedures as required of  
3 Department of Revenue employees; (b) establish and maintain a  
4 permanent system of standardized records with respect to any request  
5 for tax returns or tax return information, the reason for such  
6 request, and the date of such request and any disclosure of the tax  
7 return or tax return information; (c) establish and maintain a secure  
8 area or place in the Department of Revenue in which the tax returns,  
9 tax return information, or audit workpapers shall be stored; (d)  
10 restrict access to the tax returns or tax return information only to  
11 persons whose duties or responsibilities require access; (e) provide  
12 such other safeguards as the Tax Commissioner determines to be  
13 necessary or appropriate to protect the confidentiality of the tax  
14 returns or tax return information; (f) provide a report to the Tax  
15 Commissioner which describes the procedures established and utilized  
16 by the Auditor of Public Accounts or ~~Legislative Performance Audit~~  
17 ~~Section~~office for insuring the confidentiality of tax returns, tax  
18 return information, and audit workpapers; and (g) upon completion of  
19 use of such returns or tax return information, return to the Tax  
20 Commissioner such returns or tax return information, along with any  
21 copies.

22 (14) The Tax Commissioner may permit other tax officials  
23 of this state to inspect the tax returns and reports filed under  
24 sections 77-2714 to 77-27,135, but such inspection shall be permitted  
25 only for purposes of enforcing a tax law and only to the extent and

1 under the conditions prescribed by the rules and regulations of the  
2 Tax Commissioner.

3 (15) The Tax Commissioner shall compile the school  
4 district information required by subsection (2) of this section.  
5 Insofar as it is possible, such compilation shall include, but not be  
6 limited to, the total adjusted gross income of each school district  
7 in the state. The Tax Commissioner shall adopt and promulgate such  
8 rules and regulations as may be necessary to insure that such  
9 compilation does not violate the confidentiality of any individual  
10 income tax return nor conflict with any other provisions of state or  
11 federal law.

12 Sec. 14. Original sections 50-1202, 50-1203, 50-1204,  
13 50-1208, 50-1209, 50-1213, and 50-1214, Reissue Revised Statutes of  
14 Nebraska, and sections 43-4302, 50-1205, 50-1210, 50-1211, 77-2711,  
15 and 77-27,119, Revised Statutes Cumulative Supplement, 2012, are  
16 repealed.