

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 548

FINAL READING

Introduced by Lippincott, 34; Raybould, 28; Meyer, G., 17.

Read first time January 22, 2025

Committee: Natural Resources

1 A BILL FOR AN ACT relating to natural gas systems; to provide for cities
2 of the first and second classes and villages to contract with
3 industrial users of natural gas; and to provide requirements for
4 such contracts.

5 Be it enacted by the people of the State of Nebraska,

1 **Section 1.** (1) The Legislature declares that the purpose of this
2 section is to allow certain cities and villages that own and operate
3 natural gas systems to engage in tax-exempt natural gas supply
4 transactions as described in section 148(b)(4) of the Internal Revenue
5 Code and 26 C.F.R. 1.148-1(e)(2)(iii), as such section and regulation
6 existed on January 1, 2024, that benefit the cities and villages and
7 their taxpayers as well as the counterparty to the transactions and the
8 people of Nebraska by incentivizing private investment and economic
9 development.

10 (2) On or before January 1, 2027, any city of the first or second
11 class or village which owns and operates a natural gas system may enter
12 into a contract to sell natural gas to any industrial consumer of natural
13 gas whose facilities are located in the State of Nebraska, are within one
14 hundred miles of such city or village, and, at the time the parties enter
15 into the transaction, require at least three billion British thermal
16 units of natural gas per day based on an annual average. The contract
17 term shall be for at least two years and may include renewal and
18 extension terms. At the time the parties enter into the contract, the
19 industrial consumer shall not be a consumer of any competitive natural
20 gas provider. The contract shall provide for the consumer to receive
21 natural gas, directly or indirectly, through a competitive natural gas
22 provider registered in Nebraska. Prior to entering into a contract with
23 an industrial consumer, the city council or village board of trustees
24 shall adopt a resolution stating that the contract does not pose an
25 unreasonable financial risk to the city or village or its taxpayers. Such
26 industrial consumer shall not, within five years prior to the contract's
27 execution, have received gas service from any investor-owned or
28 governmentally owned gas system. The consumer's facilities shall be
29 considered within the service area of the natural gas distribution system
30 of the city or village.