

January 24, 1992 LB 627, 1013

CLERK: 26 ayes, 0 nays, Mr. President, on adoption of the committee amendments.

SPEAKER BAACK: Committee amendments are adopted. We now go to the bill as amended, Senator Warner.

SENATOR WARNER: Mr. President and members of the Legislature, Senator Hall indicated this is an amendment to LB 627 that was enacted last year. You will recall that 627 was the result of a task force composed of all of the agencies that have some responsibilities in the collection of motor fuel tax, including the Attorney General, Revenue, Roads, Ag, State Patrol because they do investigations, Fire Marshal's Office, and I think I am leaving one or two out, but in any event, what the main purpose of that whole act, because there had been fuel on which tax had not been paid, but there was not adequate tracking system so that prosecution could sometimes be successful. And the concept that was included in the bill to assist in that collection was the point at which the tax would be collected. Special fuel, which, essentially, is diesel and propane would be handled in the same fashion as gasoline is, that is the tax is collected at the point of imports. The problem that some felt after...upon implementation of the bill, which was January 1, was that the tax is paid on gasoline now, as I indicated, at the point of import, the result of that applied to special fuels, such as propane and diesel, was that since a great deal of that is exempt, that is it is for nonhighway purposes, that the seller of the fuel was...would have been required under those circumstances to have a higher dollar investment in his inventory, that is the tax would have been refunded to the seller the following month, actually never collected by the state, but, nevertheless, it would have been the requirement of the seller to have had that tax paid for 30 days increasing his inventory cost for material. So the change that is made is some changes which will still provide a tracking system, and that was the key for the whole concept in the legislation enacted last year, but for purposes of compliance, the information of to whom fuel was sold, whether or not, in fact, it was tax exempt for purposes, that is, nonhighway purposes, total gallons that were purchased, inventory left, anything that is missing will be able to be identified and tracked to be assured that someone is not selling fuel for highway purposes that for which the state tax has not been collected. And, obviously, it is unfair to the vast majority of the honest operators who are collecting a tax