

AMENDMENTS TO LB 962

Introduced by Revenue

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

3 Section 1. Section 77-382, Reissue Revised Statutes of
4 Nebraska, is amended to read:

5 77-382 (1) The department shall prepare a tax expenditure
6 report describing ~~(1)~~ (a) the basic provisions of the Nebraska
7 tax laws, ~~(2)~~ (b) the actual or estimated revenue loss caused
8 by 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 ~~(3)~~ (c)
11 the 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 the effective date of this act; 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) 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 77-2715.01, Reissue Revised Statutes of
20 Nebraska, is amended to read:

21 77-2715.01 (1)(a) Commencing in 1987 the Legislature
22 shall set the rate for the income tax imposed by section 77-2715
23 and the rate of the sales tax imposed by subsection (1) of section
24 77-2703. The rate of the income tax set by the Legislature shall be
25 considered the primary rate for establishing the tax rate schedules
26 used to compute the tax.

27 (b) The Legislature shall set the rates of the sales tax

1 and income tax so that the estimated funds available plus estimated
2 receipts from the sales, use, income, and franchise taxes will be
3 not less than three percent nor more than seven percent in excess
4 of the appropriations and express obligations for the biennium for
5 which the appropriations are made. The purpose of this subdivision
6 is to insure that there shall be maintained in the state treasury
7 an adequate General Fund balance, considering cash flow, to meet
8 the appropriations and express obligations of the state.

9 (c) For purposes of this section, express obligation
10 shall mean an obligation which has fiscal impact identifiable by a
11 sum certain or by an established percentage or other determinative
12 factor or factors.

13 (2) The Speaker of the Legislature and the chairpersons
14 of the Legislature's Executive Board, Revenue Committee, and
15 Appropriations Committee shall constitute a committee to be known
16 as the Tax Rate Review Committee. The Tax Rate Review Committee
17 shall meet with the Tax Commissioner within ten days after July
18 15 and November 15 of each year and shall determine whether
19 the rates for sales tax and income tax should be changed. In
20 making such determination ~~they~~ the committee shall recalculate
21 the requirements pursuant to the formula set forth in subsection
22 (1) of this section, taking into consideration the appropriations
23 and express obligations for any session, all miscellaneous claims,
24 deficiency bills, and all emergency appropriations. The committee
25 shall prepare an annual report of its determinations under this
26 section. The committee shall submit such report electronically
27 to the Legislature and shall append the tax expenditure report

1 required under section 77-382.

2 In the event it is determined by a majority vote of the
3 committee that the rates must be changed as a result of a regular
4 or special session or as a result of a change in the Internal
5 Revenue Code of 1986 and amendments thereto, other provisions of
6 the laws of the United States relating to federal income taxes,
7 and the rules and regulations issued under such laws, ~~they~~ the
8 committee shall petition the Governor to call a special session of
9 the Legislature to make whatever rate changes may be necessary.

10 Sec. 3. Original sections 77-382 and 77-2715.01, Reissue
11 Revised Statutes of Nebraska, are repealed.