

LEGISLATURE OF NEBRASKA
ONE HUNDRED THIRD LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 612

Introduced by Schumacher, 22; Mello, 5.

Read first time January 23, 2013

Committee: Executive Board

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 77-27,195, 77-5807, and 77-5907, Reissue Revised Statutes
3 of Nebraska, and sections 77-385, 77-4110, 77-4933,
4 77-5542, and 77-5731, Revised Statutes Cumulative
5 Supplement, 2012; to require the Department of Revenue to
6 present certain reports to legislative committees; to
7 repeal the original sections; and to declare an
8 emergency.
9 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-385, Revised Statutes Cumulative
2 Supplement, 2012, is amended to read:

3 77-385 The report required under section 77-382 and a
4 summary of the report shall be submitted to the Governor, the
5 Executive Board of the Legislative Council, and the chairpersons of
6 the Legislature's Revenue and Appropriations Committees on or before
7 October 15, 1991, and October 15 of every even-numbered year
8 thereafter. The report submitted to the executive board and the
9 committees shall be submitted electronically. The department shall,
10 on or before December 1 of each even-numbered year, appear at a joint
11 hearing of the Appropriations Committee of the Legislature and the
12 Revenue Committee of the Legislature and present the report. Any
13 supplemental information requested by three or more committee members
14 shall be presented within thirty days after the request. The summary
15 shall be included with or appended to the Governor's budget presented
16 to the Legislature in odd-numbered years.

17 Sec. 2. Section 77-27,195, Reissue Revised Statutes of
18 Nebraska, is amended to read:

19 77-27,195 (1) The Tax Commissioner shall prepare a report
20 identifying the amount of investment in this state and the number of
21 equivalent jobs created by each taxpayer claiming a credit pursuant
22 to the Nebraska Advantage Rural Development Act. The report shall
23 include the amount of credits claimed in the aggregate. ~~The report~~
24 ~~shall be issued on or before March 15 of each year beginning with~~
25 ~~March 15, 1988, through March 15, 2006, for all credits allowed~~

1 ~~during the previous calendar year.~~ The report shall be issued on or
2 before July 15 of each year ~~beginning with July 15, 2007,~~ for all
3 credits allowed during the previous calendar year. The Department of
4 Revenue shall, on or before July 15 of each year, appear at a joint
5 hearing of the Appropriations Committee of the Legislature and the
6 Revenue Committee of the Legislature and present the report. Any
7 supplemental information requested by three or more committee members
8 shall be presented within thirty days after the request.

9 (2) Beginning with applications filed on or after January
10 1, 2006, except for livestock modernization or expansion projects,
11 the report shall provide information on project-specific total
12 incentives used every two years for each approved project and shall
13 disclose (a) the identity of the taxpayer, (b) the location of the
14 project, and (c) the total credits used and refunds approved during
15 the immediately preceding two years expressed as a single, aggregated
16 total. The incentive information required to be reported under this
17 subsection shall not be reported for the first year the taxpayer
18 attains the required employment and investment thresholds. The
19 information on first-year incentives used shall be combined with and
20 reported as part of the second year. Thereafter, the information on
21 incentives used for succeeding years shall be reported for each
22 project every two years containing information on two years of
23 credits used and refunds approved. The incentives used shall include
24 incentives which have been approved by the Department of Revenue, but
25 not necessarily received, during the previous two calendar years.

1 (3) For livestock modernization or expansion projects,
2 the report shall disclose (a) the identity of the taxpayer, (b) the
3 total credits used and refunds approved during the preceding calendar
4 year, and (c) the location of the project.

5 (4) No information shall be provided in the report that
6 is protected by state or federal confidentiality laws.

7 Sec. 3. Section 77-4110, Revised Statutes Cumulative
8 Supplement, 2012, is amended to read:

9 77-4110 (1) The Tax Commissioner shall submit
10 electronically an annual report to the Legislature no later than July
11 15 of each year. The Department of Revenue shall, on or before July
12 15 of each year, appear at a joint hearing of the Appropriations
13 Committee of the Legislature and the Revenue Committee of the
14 Legislature and present the report. Any supplemental information
15 requested by three or more committee members shall be presented
16 within thirty days after the request.

17 (2) The report shall list (a) the agreements which have
18 been signed during the previous calendar year, (b) the agreements
19 which are still in effect, (c) the identity of each taxpayer, and (d)
20 the location of each project.

21 (3) The report shall also state by industry group (a) the
22 specific incentive options applied for under the Employment and
23 Investment Growth Act, (b) the refunds allowed on the investment, (c)
24 the credits earned, (d) the credits used to reduce the corporate
25 income tax and the credits used to reduce the individual income tax,

1 (e) the credits used to obtain sales and use tax refunds, (f) the
2 number of jobs created, (g) the total number of employees employed in
3 the state by the taxpayer on the last day of the calendar quarter
4 prior to the application date and the total number of employees
5 employed in the state by the taxpayer on subsequent reporting dates,
6 (h) the expansion of capital investment, (i) the estimated wage
7 levels of jobs created subsequent to the application date, (j) the
8 total number of qualified applicants, (k) the projected future state
9 revenue gains and losses, (l) the sales tax refunds owed to the
10 applicants, (m) the credits outstanding, and (n) the value of
11 personal property exempted by class in each county.

12 (4) No information shall be provided in the report that
13 is protected by state or federal confidentiality laws.

14 Sec. 4. Section 77-4933, Revised Statutes Cumulative
15 Supplement, 2012, is amended to read:

16 77-4933 (1) The Department of Revenue shall submit
17 electronically an annual report to the Legislature no later than July
18 15 each year. The report shall list (a) the agreements which have
19 been signed during the previous calendar year, (b) the agreements
20 which are still in effect, (c) the identity of each company, and (d)
21 the location of each project. The department shall, on or before July
22 15 of each year, appear at a joint hearing of the Appropriations
23 Committee of the Legislature and the Revenue Committee of the
24 Legislature and present the report. Any supplemental information
25 requested by three or more committee members shall be presented

1 within thirty days after the request.

2 (2) The report shall also state by industry group (a) the
3 amount of wage benefit credits allowed under the Quality Jobs Act,
4 (b) the number of direct jobs created at the project, (c) the amount
5 of direct capital investment under the act, (d) the estimated wage
6 levels of jobs created by the companies at the projects, (e) the
7 estimated indirect jobs and investment created on account of the
8 projects, and (f) the projected future state and local revenue gains
9 and losses from all revenue sources on account of the direct and
10 indirect jobs and investment created on account of the project.

11 (3) No information shall be provided in the report that
12 is protected by state or federal confidentiality laws.

13 Sec. 5. Section 77-5542, Revised Statutes Cumulative
14 Supplement, 2012, is amended to read:

15 77-5542 (1) The Department of Revenue shall submit
16 electronically an annual report to the Legislature no later than July
17 15 each year. The report shall list (a) the agreements which have
18 been signed during the previous calendar year, (b) the agreements
19 which are still in effect, (c) the identity of each company, and (d)
20 the location of each project. The department shall, on or before July
21 15 of each year, appear at a joint hearing of the Appropriations
22 Committee of the Legislature and the Revenue Committee of the
23 Legislature and present the report. Any supplemental information
24 requested by three or more committee members shall be presented
25 within thirty days after the request.

1 (2) The report shall also state by industry group (a) the
2 amount of wage benefit credits and investment tax credits allowed
3 under the Invest Nebraska Act, (b) the number of direct jobs created
4 at the projects, (c) the amount of direct capital investment under
5 the act, (d) the estimated wage levels of jobs created by the
6 companies at the projects, (e) the estimated indirect jobs and
7 investment created on account of the projects, and (f) the projected
8 future state and local revenue gains and losses from all revenue
9 sources on account of the direct and indirect jobs and investment
10 created on account of the projects.

11 (3) No information shall be provided in the report that
12 is protected by state or federal confidentiality laws.

13 Sec. 6. Section 77-5731, Revised Statutes Cumulative
14 Supplement, 2012, is amended to read:

15 77-5731 (1) The Tax Commissioner shall submit
16 electronically an annual report to the Legislature no later than July
17 15 of each year. The Department of Revenue shall, on or before July
18 15 of each year, appear at a joint hearing of the Appropriations
19 Committee of the Legislature and the Revenue Committee of the
20 Legislature and present the report. Any supplemental information
21 requested by three or more committee members shall be presented
22 within thirty days after the request.

23 (2) The report shall list (a) the agreements which have
24 been signed during the previous calendar year, (b) the agreements
25 which are still in effect, (c) the identity of each taxpayer who is

1 party to an agreement, and (d) the location of each project.

2 (3) The report shall also state, for taxpayers who are
3 parties to agreements, by industry group (a) the specific incentive
4 options applied for under the Nebraska Advantage Act, (b) the refunds
5 allowed on the investment, (c) the credits earned, (d) the credits
6 used to reduce the corporate income tax and the credits used to
7 reduce the individual income tax, (e) the credits used to obtain
8 sales and use tax refunds, (f) the credits used against withholding
9 liability, (g) the number of jobs created under the act, (h) the
10 total number of employees employed in the state on the last day of
11 the calendar quarter prior to the application date and the total
12 number of employees employed in the state on subsequent reporting
13 dates, (i) the expansion of capital investment, (j) the estimated
14 wage levels of jobs created under the act subsequent to the
15 application date, (k) the total number of qualified applicants, (l)
16 the projected future state revenue gains and losses, (m) the sales
17 tax refunds owed, (n) the credits outstanding under the act, (o) the
18 value of personal property exempted by class in each county under the
19 act, (p) the value of property for which payments equal to property
20 taxes paid were allowed in each county, and (q) the total amount of
21 the payments.

22 (4) In estimating the projected future state revenue
23 gains and losses, the report shall detail the methodology utilized,
24 state the economic multipliers and industry multipliers used to
25 determine the amount of economic growth and positive tax revenue,

1 describe the analysis used to determine the percentage of new jobs
2 attributable to the Nebraska Advantage Act assumption, and identify
3 limitations that are inherent in the analysis method.

4 (5) The report shall provide an explanation of the audit
5 and review processes of the ~~Department of Revenue~~ department in
6 approving and rejecting applications or the grant of incentives and
7 in enforcing incentive recapture. The report shall also specify the
8 median period of time between the date of application and the date
9 the agreement is executed for all agreements executed by December 31
10 of the prior year.

11 (6) The report shall provide information on project-
12 specific total incentives used every two years for each approved
13 project. The report shall disclose (a) the identity of the taxpayer,
14 (b) the location of the project, and (c) the total credits used and
15 refunds approved during the immediately preceding two years expressed
16 as a single, aggregated total. The incentive information required to
17 be reported under this subsection shall not be reported for the first
18 year the taxpayer attains the required employment and investment
19 thresholds. The information on first-year incentives used shall be
20 combined with and reported as part of the second year. Thereafter,
21 the information on incentives used for succeeding years shall be
22 reported for each project every two years containing information on
23 two years of credits used and refunds approved. The incentives used
24 shall include incentives which have been approved by the department,
25 but not necessarily received, during the previous two calendar years.

1 (7) The report shall include an executive summary which
2 shows aggregate information for all projects for which the
3 information on incentives used in subsection (6) of this section is
4 reported as follows: (a) The total incentives used by all taxpayers
5 for projects detailed in subsection (6) of this section during the
6 previous two years; (b) the number of projects; (c) the total number
7 of employees of these taxpayers employed in the state on the last day
8 of the calendar quarter prior to the application date, the new jobs
9 at the project for which credits have been granted, and the total
10 number of employees employed in the state by these taxpayers on
11 subsequent reporting dates; (d) the average compensation paid
12 employees in the state in the year of application and for the new
13 jobs at the project; and (e) the total investment for which
14 incentives were granted. The executive summary shall summarize the
15 number of states which grant investment tax credits, job tax credits,
16 sales and use tax refunds for qualified investment, and personal
17 property tax exemptions and the investment and employment
18 requirements under which they may be granted.

19 (8) No information shall be provided in the report that
20 is protected by state or federal confidentiality laws.

21 Sec. 7. Section 77-5807, Reissue Revised Statutes of
22 Nebraska, is amended to read:

23 77-5807 Beginning July 15, 2007, and each July 15
24 thereafter the Tax Commissioner shall prepare a report stating the
25 total amount of credits claimed on income tax returns or as refunds

1 of sales and use tax during the previous calendar year. The
2 Department of Revenue shall, on or before July 15 of each year,
3 appear at a joint hearing of the Appropriations Committee of the
4 Legislature and the Revenue Committee of the Legislature and present
5 the report. Any supplemental information requested by three or more
6 committee members shall be presented within thirty days after the
7 request. No information shall be provided in the report that is
8 protected by state or federal confidentiality laws.

9 Sec. 8. Section 77-5907, Reissue Revised Statutes of
10 Nebraska, is amended to read:

11 77-5907 The Tax Commissioner shall prepare a report
12 identifying the following aggregate amounts for the previous calendar
13 year: (1) The amount of projected employment and investment
14 anticipated by taxpayers receiving tentative tax credits and the
15 tentative tax credits granted; (2) the actual amount of employment
16 and investment made by taxpayers that were granted tentative tax
17 credits in the previous calendar year; (3) the tax credits used; and
18 (4) the tentative tax credits that expired. The report shall be
19 issued on or before July 15, 2007, and each July 15 thereafter. The
20 Department of Revenue shall, on or before July 15 of each year,
21 appear at a joint hearing of the Appropriations Committee of the
22 Legislature and the Revenue Committee of the Legislature and present
23 the report. Any supplemental information requested by three or more
24 committee members shall be presented within thirty days after the
25 request. No information shall be provided in the report that is

1 protected by state or federal confidentiality laws.

2 Sec. 9. Original sections 77-27,195, 77-5807, and
3 77-5907, Reissue Revised Statutes of Nebraska, and sections 77-385,
4 77-4110, 77-4933, 77-5542, and 77-5731, Revised Statutes Cumulative
5 Supplement, 2012, are repealed.

6 Sec. 10. Since an emergency exists, this act takes effect
7 when passed and approved according to law.