

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 944

Introduced by McCollister, 20.

Read first time January 10, 2022

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 77-2701.02, Reissue Revised Statutes of Nebraska; to change the
- 3 sales tax rate imposed on the furnishing of electricity service; and
- 4 to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2701.02, Reissue Revised Statutes of Nebraska,
2 is amended to read:

3 77-2701.02 (1) Pursuant to section 77-2715.01:

4 (a) ~~(1)~~ Until July 1, 1998, the rate of the sales tax levied
5 pursuant to section 77-2703 shall be five percent;

6 (b) ~~(2)~~ Commencing July 1, 1998, and until July 1, 1999, the rate of
7 the sales tax levied pursuant to section 77-2703 shall be four and one-
8 half percent;

9 (c) ~~(3)~~ Commencing July 1, 1999, and until the start of the first
10 calendar quarter after July 20, 2002, the rate of the sales tax levied
11 pursuant to section 77-2703 shall be five percent; ~~and~~

12 (d) ~~(4)~~ Commencing on the start of the first calendar quarter after
13 July 20, 2002, and until July 1, 2023, the rate of the sales tax levied
14 pursuant to section 77-2703 shall be five and one-half percent; and -

15 (e) Commencing July 1, 2023:

16 (i) The rate of the sales tax levied pursuant to section 77-2703 on
17 the furnishing of electricity service shall be the rate determined under
18 subsection (2) of this section; and

19 (ii) The rate of the sales tax levied pursuant to section 77-2703
20 for all other transactions shall be five and one-half percent.

21 (2) Beginning July 1, 2023, the sales tax rate levied on the
22 furnishing of electricity service shall be based on the statewide carbon
23 intensity factor. The Tax Commissioner shall annually determine the
24 statewide carbon intensity factor and set such sales tax rate as follows:

25 (a) At least thirty days prior to July 1, 2023, and at least thirty
26 days prior to July 1 of each year thereafter, each provider of
27 electricity service shall determine its carbon intensity factor and shall
28 submit the factor to the Tax Commissioner in a form and manner prescribed
29 by the Tax Commissioner;

30 (b) Upon receiving the carbon intensity factor from each provider of
31 electricity service, the Tax Commissioner shall calculate the statewide

1 carbon intensity factor; and

2 (c) The Tax Commissioner shall use the statewide carbon intensity
3 factor calculated under subdivision (2)(b) of this section to set the
4 sales tax rate that will apply beginning on the immediately following
5 July 1 and shall notify each provider of electricity service of such
6 rate. After the initial calculation of the statewide carbon intensity
7 factor in 2023, the Tax Commissioner shall set the sales tax rate at five
8 and one-half percent, and such rate shall apply beginning on July 1,
9 2023. Each year thereafter, the Tax Commissioner shall set the sales tax
10 rate based on how the current statewide carbon intensity factor compares
11 to the statewide carbon intensity factor determined in 2023 as follows:

12 (i) If the current statewide carbon intensity factor is equal to or
13 greater than the statewide carbon intensity factor determined in 2023,
14 the sales tax rate shall be five and one-half percent;

15 (ii) If the current statewide carbon intensity factor is at least
16 eighty percent but less than one hundred percent of the statewide carbon
17 intensity factor determined in 2023, the sales tax rate shall be four and
18 one-half percent;

19 (iii) If the current statewide carbon intensity factor is at least
20 sixty percent but less than eighty percent of the statewide carbon
21 intensity factor determined in 2023, the sales tax rate shall be three
22 and one-half percent;

23 (iv) If the current statewide carbon intensity factor is at least
24 forty percent but less than sixty percent of the statewide carbon
25 intensity factor determined in 2023, the sales tax rate shall be two and
26 one-half percent;

27 (v) If the current statewide carbon intensity factor is at least
28 twenty percent but less than forty percent of the statewide carbon
29 intensity factor determined in 2023, the sales tax rate shall be one and
30 one-half percent; and

31 (vi) If the current statewide carbon intensity factor is less than

1 twenty percent of the statewide carbon intensity factor determined in
2 2023, the furnishing of electricity service shall be exempt from sales
3 tax.

4 (3) For purposes of this section:

5 (a) Carbon intensity factor means the carbon intensity factor
6 determined pursuant to The Climate Registry's Electric Power Sector
7 Protocol, as such protocol existed on January 1, 2022; and

8 (b) Statewide carbon intensity factor means the average carbon
9 intensity factor of all providers of electricity service in the state.

10 Sec. 2. Original section 77-2701.02, Reissue Revised Statutes of
11 Nebraska, is repealed.