



Hundredth Legislature - First Session - 2007
Committee Statement
LB 322

Hearing Date: February 20, 2007

Committee On: Appropriations

Introducer(s): (Speaker Flood)

Title: Change provisions relating to certain funds and provide for transfers of funds and extend an excise tax

Roll Call Vote – Final Committee Action:

Advanced to General File

X Advanced to General File with Amendments

Indefinitely Postponed

Vote Results:

9	Yes	Senators Engel, Fulton, Harms, Heidemann, Kruse, Nantkes, Nelson, Synowiecki and Wightman
0	No	
0	Present, not voting	
0	Absent	

Proponents:

Gerry Oligmueller
Steve Ebke
Don Batie
Dean Edson

Representing:

Introducer – Governor’s Office
Nebraska Corn Growers Association
Nebraska Farm Bureau Federation
Nebraska Association of Resource Districts

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes: LB 322, introduced by the Speaker at the request of the Governor, is a part of the Governor’s biennial budget recommendations. This is the Fund Transfer Bill.

Section 1 creates the Counsel for Discipline Cash Fund for the Supreme Court. The fund shall consist of a portion of the annual membership dues assessed by the Nebraska State Bar Association. The fund shall be used only to pay the costs associated with the operation of the Office of the Counsel for Discipline.

Section 2 creates the Water Resources Cash Fund for the Department of Natural Resources. The fund shall consist of money:

- Transferred by the Legislature;
- Paid to the state as fees, deposits, payments and repayment relating to the fund;
- Donated as gifts, bequests, or other contributions;
- Made available by any department or agency of the US; and,
- Credited to the fund from excise taxes imposed by section 66-1345.01 beginning January 1, 2013

The Water Resources Cash Fund shall be used to aid compliance efforts regarding the reduction of consumptive uses of water in regards to programs dealing with those natural resource districts deemed over appropriated or bound by an interstate compact or decree. Section 2(4) states the Legislature's intent that \$2,700,000 be transferred each fiscal year from the General Fund for FY2009-10 through 2018-19.

Section 3 creates the Carrier Enforcement Cash Fund in a separate section of statute. Section 11 of the bill strikes the current language which creates this fund. The language recreating the fund allows the Legislature to authorize fund transfers from this fund to the Nebraska Public Safety Communication System Cash Fund to pay the carrier enforcement division's share of operations costs of the Nebraska Public Safety Communication System.

Section 4 creates the Capitol Security Revolving Fund for the Nebraska State Patrol. The fund shall consist of transfers made each fiscal year from the State Building Revolving Fund as authorized by the Legislature and any other revenue received by the state capitol security divisions from other security agreements with state agencies. The fund shall be used to pay the non-general fund costs associated with the state capitol security division.

Section 5 creates the Nebraska Public Safety Communication System Cash Fund for the Nebraska State Patrol. The fund shall consist of all revenue credited pursuant to law, including fund transfers authorized by the Legislature. The fund shall be used to pay the patrol's direct costs related to administering, operating, and maintaining the Nebraska Public Safety Communication System, except that unobligated money may first be used to reduce the patrol's general fund costs to operate the system. If additional unobligated money exists in the fund, the Legislature may transfer money from the fund to the State Fire Marshal and the Game and Parks Commission to reduce the general fund costs to operate the system.

Section 6 creates the Nebraska Public Safety Communication System Revolving Fund for the Department of Administrative Services. The fund shall consist of retainer-fee revenue received from state agencies accessing the Nebraska Public Safety Communication System. The fund shall be used to pay for centralized direct costs or administering, operating, and maintaining the system, including state-owned towers and network equipment.

Section 7 renames the Community Corrections Uniform Data Analysis Fund the Community Corrections Uniform Data Analysis Cash Fund and places its administration under the Director of the Community Corrections Council. Obsolete transfer language is also stricken.

Section 9 strikes language allowing legislative fund transfers from the Workers' Compensation Trust Fund to the Compensation Court Cash Fund for the purpose of paying salaries, other benefits, and administrative expenses of the compensation court relating to the Workers' Compensation Trust Fund.

Sections 10, 12, 13, 21, and 22 strike obsolete transfer language regarding the Military Department Cash Fund, Department of Motor Vehicles Cash Fund, Department of Water Resources Cash Fund, the Nebraska Natural Resources Commission Cash Fund, and the Department of Natural Resources Cash Fund, Fire Insurance Tax Fund, and the State Fire Marshal Cash Fund.

Section 14 Revises section 66-1345 to: 1) Specify that excise taxes imposed by section 66-1345.01 shall be credited to the Ethanol Production Incentive Cash (EPIC) Fund through December 31, 2012; 2) revises existing law to deposit all unexpended and unobligated funds, including investment interest, existing in the EPIC Fund on December 31, 2012 shall be transferred to the Water Resources Cash Fund; and 3) Adds January 1, 2013, as the final date that the excise taxes imposed by section 66-1345.01 could be suspended if the balance of the EPIC Fund exceeds \$20,000,000.

Section 15 extends the corn and grain sorghum excise tax (of 7/8 cent per bushel for corn and 7/8 cent per hundredweight for grain sorghum) by 2 years (until October 1, 2012). Beginning October 1, 2012 and continuing through October 1, 2019, the tax is set at one-half cent per bushel for corn and one-half cent per hundredweight for grain sorghum.

Section 16 redirects the excise tax on corn and grain sorghum to the Water Resources Cash Fund beginning January 1, 2013. Currently, the tax is credited to the Ethanol Production Incentive Cash Fund (EPIC Fund).

Section 17 adds language stating Legislative intent to transfer an additional \$15,500,000 from the General Fund to the EPIC Fund for fiscal year 2007-08.

Section 18 redirects application fees for concealed handgun renewal permits from the Public Safety Cash Fund to the Nebraska State Patrol Cash Fund.

Section 19 clarifies the funds that are to be credited to the Nebraska Emergency Management Agency Cash Fund.

Section 20 deletes obsolete language contained in the section of statute which distributes cigarette tax dollars. In addition, this section alters the current distribution in the following manner:

- Sunsets 2 cents going to the Information Technology Infrastructure Fund on June 30, 2008 and sets a minimum amount for that 2 cents at \$2,050,000.
- Beginning July 1, 2008, directs \$2,050,000 from such tax to the Nebraska Public Safety Communication System Cash Fund.

- Beginning July 1, 2009, that amount is increased to \$2,570,000 and shall continue until June 30, 2016. The increased amount coincides with the sunset provision regarding the current distribution of \$520,000 to the Municipal Infrastructure Redevelopment Fund.
- Beginning July 1, 2016, that amount is increased to \$5,070,000. The increased amount coincides with the sunset of provisions distributing funds to City of the Metropolitan Class Development Fund (\$1,500,000), City of the Primary Class Development Fund (\$1,000,000).

Section 23 allows the Legislature to make transfers from the State Building Revolving Fund to the Capitol Security Revolving Fund.

Section 24 extends the length of time that the Job Training Cash Fund could be used before unexpended or unobligated balances are transferred to the Cash Reserve Fund.

Section 25 transfers \$2,700,000 from the General Fund to the Water Resources Cash Fund on or before June 30, 2008. This carries out the Legislative intent identified in Section 2 for FY2008.

Section 26 transfers \$2,700,000 from the General Fund to the Water Resources Cash Fund on or before June 30, 2009. This carries out the Legislative intent identified in Section 2 for FY2009.

Section 27 transfers \$5,500,000 from the General Fund to the Ethanol Production Incentive Cash Fund on or before June 30, 2008 pursuant to current law.

Section 28 transfers \$15,500,000 from the General Fund to the Ethanol Production Incentive Cash Fund on or before June 30, 2008 pursuant to the new language in Section 17 of the bill.

Section 29 transfers \$2,500,000 from the General Fund to the Ethanol Production Incentive Cash Fund on or before June 30, 2009, pursuant to current law.

Section 30 transfers the entire balance of the Community Corrections Uniform Data Analysis Fund to the Community Corrections Uniform Data Analysis Cash Fund as soon as possible on or after the bill's operative date.

Section 31 transfers the entire balance in the Information Technology Infrastructure Fund to the Nebraska Public Safety Communication System Cash Fund as soon as possible on or before July 5, 2009 for FY2009-10.

Section 32 transfers the entire balance in the Municipal Infrastructure Redevelopment Fund to the Nebraska Public Safety Communication System Cash Fund as soon as possible on or after August 1, 2009.

Section 33 transfers the entire balance in the City of the Metropolitan Class Development Fund to the Nebraska Public Safety Communication System Cash Fund as soon as possible on or after August 1, 2016.

Section 34 transfers the entire balance in the City of the Primary Class Development Fund to the Nebraska Public Safety Communication System Cash Fund as soon as possible on or after August 1, 2016.

Section 35 states the Legislature's intent to appropriate \$2,050,000 from the Nebraska Public Safety Communication System Cash Fund for FY2008-09 to the Nebraska State Patrol for Program 850. This section also states the Legislature's intent to reduce the General Fund appropriation by the same amount for FY2008-09 to the Nebraska State Patrol in Program 850 to aid in carrying out the provisions of the act. This funding is included in LB 321, as introduced.

Explanation of amendments, if any: Eliminates sections 2, 13, 25 and 26 from the original version of the bill, adds new sections (described below), and renumbers the sections accordingly.

The Committee amendment contains the following new or revised sections:

Section 12 of the amendment caps the amount of non-highway fuel tax check off to be deposited in the Agricultural Alcohol Fuel Tax Fund. Amounts over \$550,000 are directed to the EPIC Fund and used to help pay ethanol production credits.

Section 13 of the amendment revises section 66-1345 to specify that on December 31, 2012, the entire unexpended balance in the EPIC Fund shall be transferred to the Water Resources Cash Fund.

Section 14 of the amendment extends the 7/8 cent check off on corn and grain sorghum for two years. The current end date is 10-2-2010. Under LB 322, as amended, the end date will be 10-1-2012.

Section 19 of the amendment increases the transfer from the Nebraska Medicaid Intergovernmental Trust Fund and the Nebraska Tobacco Settlement Trust Fund to the Nebraska Health Care Cash Fund from \$52 million to \$54 million annually.

Section 23-25 of the amendment continue the current depreciation assessment rate of 1% under sections 81-188.02, 81-188.04 and 81-188.06. Current statutory provisions increase that rate to 2% beginning with fiscal year 2007-08. By retaining the 1% rate, there will be a General Fund cost avoidance of (\$5,438,218) in fiscal year 2007-08 and (\$6,174,512) in fiscal year 2008-09.

Section 37 of the amendment creates the Microenterprise Development Cash Fund.

Section 38 of the amendment creates the Building Entrepreneurial Communities Cash Fund.

Senator Lavon Heidemann, Chairperson