

**ONE HUNDREDTH LEGISLATURE - SECOND SESSION -
2008**

COMMITTEE STATEMENT

LB846

Hearing Date: January 30, 2008

Committee On: Revenue

Introducer(s): (Fischer)

Title: Change motor fuel taxes

Roll Call Vote - Final Committee Action:

Placed on General File with Amendments

Vote Results:

6 Yes	Senators Burling, Cornett, Dierks, Janssen, Preister and Raikes
1 No	Senator White
1 Absent	Senator Langemeier
0 Present, not voting	

Proponents:

Senator Deb Fischer, Introducer
Loy Todd
Larry Dix
Bob Stubbe
Pat Gorup
Keith Olsen
John K. Hansen
Greg Wood

David G. Brown
Bruce Bohrer
Lynn Rex
Nance Harris
Curt Beck
Walt Radcliffe

Representing:

District 43
Nebraska New Car & Truck Dealers Assn.
Nebraska Association of County Officials
City of Omaha
Nebraska State Chamber
Nebraska Farm Bureau
Nebraska Farmers Union
American Council of Engineering Companies of Nebraska
Greater Omaha Chamber of Commerce
Lincoln Chamber of Commerce
League of Nebraska Municipalities
Nebraska Trucking Association
Associated General Contractors of NE
Nebraska Expressways for Economic Development

Opponents:
Timothy P. Keigher

Representing:
Nebraska Petroleum Marketers &
Convenience Store Association

Neutral:
John Craig

Representing:
Department of Roads

Summary of purpose and/or change:

LB 846 is a proposal to change the way fuel taxes are levied and collected in Nebraska. A price related tax policy would be added to the existing excise tax per gallon purchased or sold policy. Section 10 of the bill establishes a tax of five percent of the wholesale price of gasoline. The proceeds from this tax are to be distributed 66 percent to the state with the remaining 34 percent evenly split between cities and counties. The current 10½ cent excise tax levied per gallon would be reduced in Section 9 of this proposal from 10½ cents per gallon to 2½ cents.

Section 1 would make some changes in existing law to reference newly created sections of law found in the bill.

Sections 2 through 8 would add harmonizing references to new language found in Section 10 of the bill.

Section 9 would reduce the excise tax on motor fuels from 10½ cents per gallon to 2½ cents per gallon.

Section 10 would establish a tax of five percent on the wholesale price. A procedure for establishing the wholesale price and changing the cents per gallon equivalent every six months would be provided. A limitation on the change in the price established is provided. Sixty-six percent of the new tax would be deposited in the State Highway Cash Fund, 17 percent to the counties through the Highway Allocation Fund, and 17 percent to the cities using the Highway Allocation Fund.

Sections 11, 12 and 13 would add harmonizing references to new language found in Section 10 of the bill.

Section 14 would harmonize the taxation of compressed fuel (LP Gas).

Section 15 would reduce the excise tax on compressed fuel from 10½ cents to 2½ cents.

Section 16 would add language requiring the five percent of wholesale price policy on compressed gas fuel.

Sections 17, 18 and 19 would add harmonizing references to new language found in Section 16 of the bill.

Section 20 would repeal the original sections.

Explanation of amendments, if any:

The Committee amendments provide an operative date changing the current gas tax rate and imposing the new gas tax rate beginning January 1, 2009.

Senator Ray Janssen, Chairperson