

AMENDMENTS TO LB989

Introduced by Mello

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

3           Section 1. Section 77-382, Revised Statutes Supplement,  
4 2013, is amended to read:

5           77-382 (1) The department shall prepare a tax expenditure  
6 report describing (a) the basic provisions of the Nebraska  
7 tax laws, (b) the actual or estimated revenue loss caused by  
8 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, (c) the  
11 actual or estimated revenue loss caused by failure to impose sales  
12 and use tax on services purchased for nonbusiness use, and ~~(e)~~ (d)  
13 the elements which make up the tax base for state and local income,  
14 including income, sales and use, property, and miscellaneous taxes.

15           (2) The department shall review the major tax exemptions  
16 for which state general funds are used to reduce the impact of  
17 revenue lost due to a tax expenditure. The report shall indicate an  
18 estimate of the amount of the reduction in revenue resulting from  
19 the operation of all tax expenditures. The report shall list each  
20 tax expenditure relating to sales and use tax under the following  
21 categories:

22           (a) Agriculture, which shall include a separate listing  
23 for the following items: Agricultural machinery; agricultural

1 chemicals; seeds sold to commercial producers; water for irrigation  
2 and manufacturing; commercial artificial insemination; mineral  
3 oil as dust suppressant; animal grooming; oxygen for use in  
4 aquaculture; animal life whose products constitute food for human  
5 consumption; and grains;

6 (b) Business across state lines, which shall include  
7 a separate listing for the following items: Property shipped  
8 out-of-state; fabrication labor for items to be shipped  
9 out-of-state; property to be transported out-of-state; property  
10 purchased in other states to be used in Nebraska; aircraft  
11 delivery to an out-of-state resident or business; state reciprocal  
12 agreements for industrial machinery; and property taxed in another  
13 state;

14 (c) Common carrier and logistics, which shall include a  
15 separate listing for the following items: Railroad rolling stock  
16 and repair parts and services; common or contract carriers and  
17 repair parts and services; common or contract carrier accessories;  
18 and common or contract carrier safety equipment;

19 (d) Consumer goods, which shall include a separate  
20 listing for the following items: Motor vehicles and motorboat  
21 trade-ins; merchandise trade-ins; certain medical equipment and  
22 medicine; newspapers; laundromats; telefloral deliveries; motor  
23 vehicle discounts for the disabled; and political campaign  
24 fundraisers;

25 (e) Energy, which shall include a separate listing for  
26 the following items: Motor fuels; energy used in industry; energy  
27 used in agriculture; aviation fuel; and minerals, oil, and gas

1 severed from real property;

2 (f) Food, which shall include a separate listing for the  
3 following items: Food for home consumption; Supplemental Nutrition  
4 Assistance Program; school lunches; meals sold by hospitals; meals  
5 sold by institutions at a flat rate; food for the elderly,  
6 handicapped, and Supplemental Security Income recipients; and meals  
7 sold by churches;

8 (g) General business, which shall include a separate  
9 listing for the following items: Component and ingredient parts;  
10 manufacturing machinery; containers; film rentals; molds and dies;  
11 syndicated programming; intercompany sales; intercompany leases;  
12 sale of a business or farm machinery; and transfer of property in a  
13 change of business ownership;

14 (h) Lodging and shelter, which shall include a  
15 separate listing for the following item: Room rentals by certain  
16 institutions;

17 (i) Miscellaneous, which shall include a separate listing  
18 for the following items: Cash discounts and coupons; separately  
19 stated finance charges; casual sales; lease-to-purchase agreements;  
20 and separately stated taxes;

21 (j) Nonprofits, governments, and exempt entities, which  
22 shall include a separate listing for the following items: Purchases  
23 by political subdivisions of the state; purchases by churches  
24 and nonprofit colleges and medical facilities; purchasing agents  
25 for public real estate construction improvements; contractor as  
26 purchasing agent for public agencies; Nebraska lottery; admissions  
27 to school events; sales on Native American Indian reservations;

1 school-supporting fundraisers; fine art purchases by a museum;  
2 purchases by the Nebraska State Fair Board; purchases by the  
3 Nebraska Investment Finance Authority and licensees of the State  
4 Racing Commission; purchases by the United States Government;  
5 public records; and sales by religious organizations;

6 (k) Recent sales tax expenditures, which shall include a  
7 separate listing for each sales tax expenditure created by statute  
8 or rule and regulation after July 19, 2012; and

9 (l) Services purchased for nonbusiness use, which shall  
10 include a separate listing for each such service, including, but  
11 not limited to, the following items: Motor vehicle cleaning,  
12 maintenance, and repair services; cleaning and repair of clothing;  
13 cleaning, maintenance, and repair of other tangible personal  
14 property; maintenance, painting, and repair of real property;  
15 entertainment admissions; personal care services; lawn care,  
16 gardening, and landscaping services; pet-related services; storage  
17 and moving services; household utilities; other personal services;  
18 taxi, limousine, and other transportation services; legal services;  
19 accounting services; other professional services; and other real  
20 estate services; and

21 ~~(l)~~ (m) Telecommunications, which shall include a  
22 separate listing for the following items: Telecommunications  
23 access charges; prepaid calling arrangements; conference bridging  
24 services; and nonvoice data services.

25 (3) It is the intent of the Legislature that nothing  
26 in the Tax Expenditure Reporting Act shall cause the valuation or  
27 assessment of any property exempt from taxation on the basis of its

1 use exclusively for religious, educational, or charitable purposes.

2           Sec. 2. Section 77-383, Reissue Revised Statutes of  
3 Nebraska, is amended to read:

4           77-383 The department may request from any state or local  
5 official or agency any information necessary to complete the ~~report~~  
6 reports required under section 77-382 and subsection (2) of section  
7 77-385. All state and local officials or agencies shall cooperate  
8 with the department with respect to any such request.

9           Sec. 3. Section 77-385, Revised Statutes Supplement,  
10 2013, is amended to read:

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

26           (2) (a) In addition to the tax expenditure report required  
27 under section 77-382, the department shall prepare an annual report

1 that focuses specifically on the tax expenditures relating to sales  
2 and use tax as follows:

3 (i) For 2014 and every fourth year thereafter, the report  
4 shall analyze the actual or estimated revenue loss caused by the  
5 tax expenditures described in subdivisions (2)(a) through (c) of  
6 section 77-382;

7 (ii) For 2015 and every fourth year thereafter, the  
8 report shall analyze the actual or estimated revenue loss caused by  
9 the tax expenditures described in subdivisions (2)(d) through (f)  
10 of section 77-382;

11 (iii) For 2016 and every fourth year thereafter, the  
12 report shall analyze the actual or estimated revenue loss caused by  
13 the tax expenditures described in subdivisions (2)(g) through (j)  
14 of section 77-382; and

15 (iv) For 2017 and every fourth year thereafter, the  
16 report shall analyze the actual or estimated revenue loss caused by  
17 the tax expenditures described in subdivisions (2)(k) through (m)  
18 of section 77-382.

19 (b) The report required under this subsection shall be  
20 submitted to the Governor, the Executive Board of the Legislative  
21 Council, and the chairpersons of the Revenue Committee of the  
22 Legislature and the Appropriations Committee of the Legislature  
23 on or before October 15 of each year. The report submitted  
24 to the executive board and the committees shall be submitted  
25 electronically. The department shall, on or before December 1  
26 of each year, appear at a joint hearing of the Appropriations  
27 Committee of the Legislature and the Revenue Committee of the

1 Legislature and present the report. Any supplemental information  
2 requested by three or more committee members shall be presented  
3 within thirty days after the request.

4           Sec. 4. Section 81-125, Revised Statutes Supplement,  
5 2013, is amended to read:

6           81-125 The Governor shall on or before January 15 of  
7 each odd-numbered year present to the Legislature a complete budget  
8 for all the activities of the state receiving appropriations or  
9 requesting appropriations, except that the Governor during his  
10 or her first year in office shall present such budget to the  
11 Legislature on or before February 1. Such budget shall be a  
12 tentative work program for the coming biennium, shall contain a  
13 full and itemized report of the expenditures from appropriations  
14 made by the previous Legislature and the items which the Governor  
15 deems worthy of consideration for the coming biennium, for the  
16 respective departments, offices, and institutions, and for all  
17 other purposes, and shall contain the estimated revenue from  
18 taxation, the estimated revenue from sources other than taxation,  
19 an estimate of the amount required to be raised by taxation and  
20 the sales and income tax rates necessary to raise such amount, the  
21 revenue foregone by operation of laws in effect at the time of  
22 such report granting tax expenditures and reduced tax liabilities  
23 as identified in the report required by section 77-5731, and  
24 recommendations as to deficiency funding requirements pursuant to  
25 section 81-126. The summary of the tax expenditure report prepared  
26 pursuant to the ~~Tax Expenditure Reporting Act~~ subsection (1) of  
27 section 77-385 and a summary of the report required by section

1 77-5731 shall be included with or appended to the budget presented  
2 to the Legislature. The Governor may make recommendations whether  
3 to continue or eliminate, in whole or in part, each tax expenditure  
4 and incentive program or to limit the duration of particular tax  
5 expenditures and incentives to a fixed number of years and shall  
6 include his or her reasoning for each recommendation, if any. The  
7 recommendations shall be transmitted to the Revenue Committee of  
8 the Legislature at the same time the Governor submits a budget  
9 as required in this section. The budget as transmitted to the  
10 Legislature shall show the estimated requirements for each activity  
11 of the state as prepared by the Department of Administrative  
12 Services and the final recommendation of the Governor. The budget  
13 shall comprise the complete report to the Legislature of all  
14 appropriations made for the current biennium and expenditures  
15 therefrom by all agencies receiving appropriations, and the report  
16 of expenditures contained in the budget shall be in lieu of all  
17 other biennial or other financial reports required by statute  
18 to the Legislature by expending agencies of appropriations and  
19 expenditures for their own activities except the biennial report of  
20 the State Treasurer and Director of Administrative Services.

21           Sec. 5. Original section 77-383, Reissue Revised Statutes  
22 of Nebraska, and sections 77-382, 77-385, and 81-125, Revised  
23 Statutes Supplement, 2013, are repealed.