

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

Final Reading

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, 77-3,116, 77-4110,  
4 77-4933, 77-5542, and 77-5731, Revised Statutes  
5 Cumulative Supplement, 2012; to require the Department of  
6 Revenue to present certain reports to legislative  
7 committees; to change the reporting date for an updated  
8 tax policy study; to eliminate obsolete provisions; to  
9 repeal the original sections; and to declare an  
10 emergency.  
11 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 77-3,116, Revised Statutes Cumulative  
18 Supplement, 2012, is amended to read:

19           77-3,116 (1) The Department of Revenue and the Department  
20 of Labor shall cooperate and participate in the collection of data  
21 for the study described in section 77-3,115. Other state agencies,  
22 including the University of Nebraska, shall assist in the study or  
23 the update as requested by the Department of Revenue and as any  
24 necessary funds are available. Any agency may contract with the  
25 Department of Revenue to provide such assistance. The Department of

1 Revenue may also contract with an independent entity for the entity  
2 to conduct or assist in conducting such study or update. The  
3 department, other state agency, or independent entity preparing the  
4 material or study shall utilize and consider, along with other  
5 information, the results of any available study relating to the items  
6 listed in section 77-3,115 and conducted or contracted for by the  
7 Legislature in the year prior to April 16, 1992.

8 (2) A preliminary report of the initial study's models  
9 and initial findings shall be reported by the Department of Revenue  
10 to the chairpersons of the Appropriations Committee and Revenue  
11 Committee of the Legislature, the Clerk of the Legislature, and the  
12 Governor by December 1, 1992. The initial study shall be completed  
13 and the department shall report its findings to the same entities by  
14 December 1, 1993. The study shall be updated and the update shall be  
15 reported to the same entities on ~~December~~ November 1, 2013, and every  
16 two years thereafter. The study submitted to the Appropriations  
17 Committee and Revenue Committee of the Legislature and the Clerk of  
18 the Legislature pursuant to this subsection shall be submitted  
19 electronically.

20 (3) Any models developed for the initial study or update  
21 shall be electronically shared with the Legislative Fiscal Analyst.  
22 The Department of Revenue shall include in its budget request for  
23 every other biennium following the 1991-93 biennium sufficient  
24 appropriation authority to conduct or contract for the required  
25 update.

1                   Sec. 3. Section 77-27,195, Reissue Revised Statutes of  
2 Nebraska, is amended to read:

3                   77-27,195 (1) The Tax Commissioner shall prepare a report  
4 identifying the amount of investment in this state and the number of  
5 equivalent jobs created by each taxpayer claiming a credit pursuant  
6 to the Nebraska Advantage Rural Development Act. The report shall  
7 include the amount of credits claimed in the aggregate. ~~The report~~  
8 ~~shall be issued on or before March 15 of each year beginning with~~  
9 ~~March 15, 1988, through March 15, 2006, for all credits allowed~~  
10 ~~during the previous calendar year.~~ The report shall be issued on or  
11 before July 15 of each year ~~beginning with July 15, 2007,~~ for all  
12 credits allowed during the previous calendar year. The Department of  
13 Revenue shall, on or before September 1 of each year, appear at a  
14 joint hearing of the Appropriations Committee of the Legislature and  
15 the Revenue Committee of the Legislature and present the report. Any  
16 supplemental information requested by three or more committee members  
17 shall be presented within thirty days after the request.

18                   (2) Beginning with applications filed on or after January  
19 1, 2006, except for livestock modernization or expansion projects,  
20 the report shall provide information on project-specific total  
21 incentives used every two years for each approved project and shall  
22 disclose (a) the identity of the taxpayer, (b) the location of the  
23 project, and (c) the total credits used and refunds approved during  
24 the immediately preceding two years expressed as a single, aggregated  
25 total. The incentive information required to be reported under this

1 subsection shall not be reported for the first year the taxpayer  
2 attains the required employment and investment thresholds. The  
3 information on first-year incentives used shall be combined with and  
4 reported as part of the second year. Thereafter, the information on  
5 incentives used for succeeding years shall be reported for each  
6 project every two years containing information on two years of  
7 credits used and refunds approved. The incentives used shall include  
8 incentives which have been approved by the Department of Revenue, but  
9 not necessarily received, during the previous two calendar years.

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

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

16 Sec. 4. Section 77-4110, Revised Statutes Cumulative  
17 Supplement, 2012, is amended to read:

18 77-4110 (1) The Tax Commissioner shall submit  
19 electronically an annual report to the Legislature no later than July  
20 15 of each year. The Department of Revenue shall, on or before  
21 September 1 of each year, appear at a joint hearing of the  
22 Appropriations Committee of the Legislature and the Revenue Committee  
23 of the Legislature and present the report. Any supplemental  
24 information requested by three or more committee members shall be  
25 presented within thirty days after the request.

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

5           (3) The report shall also state by industry group (a) the  
6    specific incentive options applied for under the Employment and  
7    Investment Growth Act, (b) the refunds allowed on the investment, (c)  
8    the credits earned, (d) the credits used to reduce the corporate  
9    income tax and the credits used to reduce the individual income tax,  
10   (e) the credits used to obtain sales and use tax refunds, (f) the  
11   number of jobs created, (g) the total number of employees employed in  
12   the state by the taxpayer on the last day of the calendar quarter  
13   prior to the application date and the total number of employees  
14   employed in the state by the taxpayer on subsequent reporting dates,  
15   (h) the expansion of capital investment, (i) the estimated wage  
16   levels of jobs created subsequent to the application date, (j) the  
17   total number of qualified applicants, (k) the projected future state  
18   revenue gains and losses, (l) the sales tax refunds owed to the  
19   applicants, (m) the credits outstanding, and (n) the value of  
20   personal property exempted by class in each county.

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

23           Sec. 5. Section 77-4933, Revised Statutes Cumulative  
24   Supplement, 2012, is amended to read:

25           77-4933 (1) The Department of Revenue shall submit

1 electronically an annual report to the Legislature no later than July  
2 15 each year. The report shall list (a) the agreements which have  
3 been signed during the previous calendar year, (b) the agreements  
4 which are still in effect, (c) the identity of each company, and (d)  
5 the location of each project. The department shall, on or before  
6 September 1 of each year, appear at a joint hearing of the  
7 Appropriations Committee of the Legislature and the Revenue Committee  
8 of the Legislature and present the report. Any supplemental  
9 information requested by three or more committee members shall be  
10 presented within thirty days after the request.

11 (2) The report shall also state by industry group (a) the  
12 amount of wage benefit credits allowed under the Quality Jobs Act,  
13 (b) the number of direct jobs created at the project, (c) the amount  
14 of direct capital investment under the act, (d) the estimated wage  
15 levels of jobs created by the companies at the projects, (e) the  
16 estimated indirect jobs and investment created on account of the  
17 projects, and (f) the projected future state and local revenue gains  
18 and losses from all revenue sources on account of the direct and  
19 indirect jobs and investment created on account of the project.

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

22 Sec. 6. Section 77-5542, Revised Statutes Cumulative  
23 Supplement, 2012, is amended to read:

24 77-5542 (1) The Department of Revenue shall submit  
25 electronically an annual report to the Legislature no later than July

1 15 each year. The report shall list (a) the agreements which have  
2 been signed during the previous calendar year, (b) the agreements  
3 which are still in effect, (c) the identity of each company, and (d)  
4 the location of each project. The department shall, on or before  
5 September 1 of each year, appear at a joint hearing of the  
6 Appropriations Committee of the Legislature and the Revenue Committee  
7 of the Legislature and present the report. Any supplemental  
8 information requested by three or more committee members shall be  
9 presented within thirty days after the request.

10 (2) The report shall also state by industry group (a) the  
11 amount of wage benefit credits and investment tax credits allowed  
12 under the Invest Nebraska Act, (b) the number of direct jobs created  
13 at the projects, (c) the amount of direct capital investment under  
14 the act, (d) the estimated wage levels of jobs created by the  
15 companies at the projects, (e) the estimated indirect jobs and  
16 investment created on account of the projects, and (f) the projected  
17 future state and local revenue gains and losses from all revenue  
18 sources on account of the direct and indirect jobs and investment  
19 created on account of the projects.

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

22 Sec. 7. Section 77-5731, Revised Statutes Cumulative  
23 Supplement, 2012, is amended to read:

24 77-5731 (1) The Tax Commissioner shall submit  
25 electronically an annual report to the Legislature no later than July



1 15 of each year. The Department of Revenue shall, on or before  
2 September 1 of each year, appear at a joint hearing of the  
3 Appropriations Committee of the Legislature and the Revenue Committee  
4 of the Legislature and present the report. Any supplemental  
5 information requested by three or more committee members shall be  
6 presented within thirty days after the request.

7 (2) The report shall list (a) the agreements which have  
8 been signed during the previous calendar year, (b) the agreements  
9 which are still in effect, (c) the identity of each taxpayer who is  
10 party to an agreement, and (d) the location of each project.

11 (3) The report shall also state, for taxpayers who are  
12 parties to agreements, by industry group (a) the specific incentive  
13 options applied for under the Nebraska Advantage Act, (b) the refunds  
14 allowed on the investment, (c) the credits earned, (d) the credits  
15 used to reduce the corporate income tax and the credits used to  
16 reduce the individual income tax, (e) the credits used to obtain  
17 sales and use tax refunds, (f) the credits used against withholding  
18 liability, (g) the number of jobs created under the act, (h) the  
19 total number of employees employed in the state on the last day of  
20 the calendar quarter prior to the application date and the total  
21 number of employees employed in the state on subsequent reporting  
22 dates, (i) the expansion of capital investment, (j) the estimated  
23 wage levels of jobs created under the act subsequent to the  
24 application date, (k) the total number of qualified applicants, (l)  
25 the projected future state revenue gains and losses, (m) the sales

1 tax refunds owed, (n) the credits outstanding under the act, (o) the  
2 value of personal property exempted by class in each county under the  
3 act, (p) the value of property for which payments equal to property  
4 taxes paid were allowed in each county, and (q) the total amount of  
5 the payments.

6 (4) In estimating the projected future state revenue  
7 gains and losses, the report shall detail the methodology utilized,  
8 state the economic multipliers and industry multipliers used to  
9 determine the amount of economic growth and positive tax revenue,  
10 describe the analysis used to determine the percentage of new jobs  
11 attributable to the Nebraska Advantage Act assumption, and identify  
12 limitations that are inherent in the analysis method.

13 (5) The report shall provide an explanation of the audit  
14 and review processes of the ~~Department of Revenue~~ department in  
15 approving and rejecting applications or the grant of incentives and  
16 in enforcing incentive recapture. The report shall also specify the  
17 median period of time between the date of application and the date  
18 the agreement is executed for all agreements executed by December 31  
19 of the prior year.

20 (6) The report shall provide information on project-  
21 specific total incentives used every two years for each approved  
22 project. The report shall disclose (a) the identity of the taxpayer,  
23 (b) the location of the project, and (c) the total credits used and  
24 refunds approved during the immediately preceding two years expressed  
25 as a single, aggregated total. The incentive information required to

1 be reported under this subsection shall not be reported for the first  
2 year the taxpayer attains the required employment and investment  
3 thresholds. The information on first-year incentives used shall be  
4 combined with and reported as part of the second year. Thereafter,  
5 the information on incentives used for succeeding years shall be  
6 reported for each project every two years containing information on  
7 two years of credits used and refunds approved. The incentives used  
8 shall include incentives which have been approved by the department,  
9 but not necessarily received, during the previous two calendar years.

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

1 property tax exemptions and the investment and employment  
2 requirements under which they may be granted.

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

5 Sec. 8. Section 77-5807, Reissue Revised Statutes of  
6 Nebraska, is amended to read:

7 77-5807 Beginning July 15, 2007, and each July 15  
8 thereafter the Tax Commissioner shall prepare a report stating the  
9 total amount of credits claimed on income tax returns or as refunds  
10 of sales and use tax during the previous calendar year. The  
11 Department of Revenue shall, on or before September 1 of each year,  
12 appear at a joint hearing of the Appropriations Committee of the  
13 Legislature and the Revenue Committee of the Legislature and present  
14 the report. Any supplemental information requested by three or more  
15 committee members shall be presented within thirty days after the  
16 request. No information shall be provided in the report that is  
17 protected by state or federal confidentiality laws.

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

20 77-5907 The Tax Commissioner shall prepare a report  
21 identifying the following aggregate amounts for the previous calendar  
22 year: (1) The amount of projected employment and investment  
23 anticipated by taxpayers receiving tentative tax credits and the  
24 tentative tax credits granted; (2) the actual amount of employment  
25 and investment made by taxpayers that were granted tentative tax

1 credits in the previous calendar year; (3) the tax credits used; and  
2 (4) the tentative tax credits that expired. The report shall be  
3 issued on or before July 15, 2007, and each July 15 thereafter. The  
4 Department of Revenue shall, on or before September 1 of each year,  
5 appear at a joint hearing of the Appropriations Committee of the  
6 Legislature and the Revenue Committee of the Legislature and present  
7 the report. Any supplemental information requested by three or more  
8 committee members shall be presented within thirty days after the  
9 request. No information shall be provided in the report that is  
10 protected by state or federal confidentiality laws.

11           Sec. 10. Original sections 77-27,195, 77-5807, and  
12 77-5907, Reissue Revised Statutes of Nebraska, and sections 77-385,  
13 77-3,116, 77-4110, 77-4933, 77-5542, and 77-5731, Revised Statutes  
14 Cumulative Supplement, 2012, are repealed.

15           Sec. 11. Since an emergency exists, this act takes effect  
16 when passed and approved according to law.