

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 33**

FINAL READING

Introduced by Mello, 5.

Read first time January 08, 2015

Committee: Appropriations

1 A BILL FOR AN ACT relating to state budgeting; to amend section  
2 77-2715.01, Revised Statutes Cumulative Supplement, 2014; to require  
3 revenue volatility reporting as prescribed; to require a strategic  
4 plan and reporting by the Department of Correctional Services; to  
5 harmonize provisions; and to repeal the original section.  
6 Be it enacted by the people of the State of Nebraska,

1           Section 1. (1) On November 15, 2016, the Legislative Fiscal Analyst  
2 shall prepare and electronically submit a revenue volatility report to  
3 the Appropriations Committee of the Legislature. Every two years  
4 thereafter the Legislative Fiscal Analyst shall prepare a revenue  
5 volatility report to append to the annual report required under section  
6 77-2715.01. The report shall also be posted on the Legislature's web  
7 site.

8           (2) The report shall:

9           (a) Evaluate the tax base and the tax revenue volatility of revenue  
10 streams that provide funding for the state General Fund budget;

11           (b) Identify federal funding included in the state budget and any  
12 projected changes in the amount or value of federal funding or potential  
13 areas in which federal funding could be lost;

14           (c) Identify current and projected balances of the Cash Reserve  
15 Fund;

16           (d) Analyze the adequacy of current and projected balances of the  
17 Cash Reserve Fund in relation to the tax revenue volatility and the risk  
18 of a reduction in the amount or value of federal funding or potential  
19 areas in which federal funding could be lost;

20           (e) Include revenue projections for the ensuing two fiscal years  
21 included in the impending biennial budget; and

22           (f) Contain any other recommendations that the Legislative Fiscal  
23 Analyst determines are necessary.

24           Sec. 2. Section 77-2715.01, Revised Statutes Cumulative Supplement,  
25 2014, is amended to read:

26           77-2715.01 (1)(a) Commencing in 1987 the Legislature shall set the  
27 rates for the income tax imposed by section 77-2715 and the rate of the  
28 sales tax imposed by subsection (1) of section 77-2703. For taxable years  
29 beginning or deemed to begin before January 1, 2013, the rate of the  
30 income tax set by the Legislature shall be considered the primary rate  
31 for establishing the tax rate schedules used to compute the tax.

1 (b) The Legislature shall set the rates of the sales tax and income  
2 tax so that the estimated funds available plus estimated receipts from  
3 the sales, use, income, and franchise taxes will be not less than three  
4 percent nor more than seven percent in excess of the appropriations and  
5 express obligations for the biennium for which the appropriations are  
6 made. The purpose of this subdivision is to insure that there shall be  
7 maintained in the state treasury an adequate General Fund balance,  
8 considering cash flow, to meet the appropriations and express obligations  
9 of the state.

10 (c) For purposes of this section, express obligation shall mean an  
11 obligation which has fiscal impact identifiable by a sum certain or by an  
12 established percentage or other determinative factor or factors.

13 (2) The Speaker of the Legislature and the chairpersons of the  
14 Legislature's Executive Board, Revenue Committee, and Appropriations  
15 Committee shall constitute a committee to be known as the Tax Rate Review  
16 Committee. The Tax Rate Review Committee shall meet with the Tax  
17 Commissioner within ten days after July 15 and November 15 of each year  
18 and shall determine whether the rates for sales tax and income tax should  
19 be changed. In making such determination the committee shall recalculate  
20 the requirements pursuant to the formula set forth in subsection (1) of  
21 this section, taking into consideration the appropriations and express  
22 obligations for any session, all miscellaneous claims, deficiency bills,  
23 and all emergency appropriations. The committee shall prepare an annual  
24 report of its determinations under this section. The committee shall  
25 submit such report electronically to the Legislature and shall append the  
26 tax expenditure report required under section 77-382 and the revenue  
27 volatility report required under section 1 of this act.

28 In the event it is determined by a majority vote of the committee  
29 that the rates must be changed as a result of a regular or special  
30 session or as a result of a change in the Internal Revenue Code of 1986  
31 and amendments thereto, other provisions of the laws of the United States

1 relating to federal income taxes, and the rules and regulations issued  
2 under such laws, the committee shall petition the Governor to call a  
3 special session of the Legislature to make whatever rate changes may be  
4 necessary.

5       Sec. 3. (1) For the biennium ending June 30, 2019, and the biennium  
6 ending June 30, 2021, the Department of Correctional Services shall, as  
7 part of the appropriations request process pursuant to section 81-132,  
8 include a strategic plan that identifies the main purpose or purposes of  
9 each program, verifiable and auditable key goals that the department  
10 believes are fair measures of its progress in meeting each program's main  
11 purpose or purposes, and benchmarks for improving performance on the key  
12 goals. The department shall also report whether the benchmarks are being  
13 met and, if not, the expected timeframes for meeting them.

14       (2) Not later than September 15 in 2017, 2018, 2019, 2020, and 2021,  
15 the Department of Correctional Services shall report electronically to  
16 the Judiciary Committee of the Legislature and the Appropriations  
17 Committee of the Legislature on the progress towards the key goals  
18 identified pursuant to this section that occurred in the previous twelve  
19 months. In calendar years 2017, 2018, 2019, 2020, and 2021, the  
20 department shall appear at a joint hearing of the Judiciary Committee and  
21 Appropriations Committee and present the report.

22       Sec. 4. Original section 77-2715.01, Revised Statutes Cumulative  
23 Supplement, 2014, is repealed.