

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 610**

FINAL READING

Introduced by Smith, 14; Friesen, 34.

Read first time January 21, 2015

Committee: Revenue

1 A BILL FOR AN ACT relating to motor fuels; to amend sections 66-489,  
2 66-4,105, 66-4,145, 66-4,146, 66-6,107, and 66-6,109, Reissue  
3 Revised Statutes of Nebraska; to change excise taxes as prescribed;  
4 to eliminate obsolete provisions; and to repeal the original  
5 sections.

6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 66-489, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3 66-489 (1)(a) At the time of filing the return required by section  
4 66-488, such producer, supplier, distributor, wholesaler, or importer  
5 shall, in addition to the tax imposed pursuant to sections 66-489.02,  
6 66-4,140, 66-4,145, and 66-4,146 and in addition to the other taxes  
7 provided for by law, pay a tax in an amount set in subdivision (b) of  
8 this subsection of seven and one-half cents per gallon upon all motor  
9 fuels as shown by such return, except that there shall be no tax on the  
10 motor fuels reported if (i a) the required taxes on the motor fuels have  
11 been paid, (ii b) the motor fuels have been sold to a licensed exporter  
12 exclusively for resale or use in another state, (iii c) the motor fuels  
13 have been sold from a Nebraska barge line terminal, pipeline terminal,  
14 refinery, or ethanol or biodiesel facility, including motor fuels stored  
15 offsite in bulk, by a licensed producer or supplier to a licensed  
16 distributor, (iv d) the motor fuels have been sold by a licensed  
17 distributor or licensed importer to a licensed distributor or to a  
18 licensed wholesaler and the seller acquired ownership of the motor fuels  
19 directly from a licensed producer or supplier at or from a refinery,  
20 barge, barge line, pipeline terminal, or ethanol or biodiesel facility,  
21 including motor fuels stored offsite in bulk, in this state or was the  
22 first importer of such fuel into this state, or (v e) as otherwise  
23 provided in this section. Such producer, supplier, distributor,  
24 wholesaler, or importer shall remit such tax to the department.

25 (b) The tax shall be:

26 (i) Seven and one-half cents per gallon through December 31, 2015;

27 (ii) Eight cents per gallon beginning on January 1, 2016, through  
28 December 31, 2016;

29 (iii) Eight and one-half cents per gallon beginning on January 1,  
30 2017, through December 31, 2017;

31 (iv) Nine cents per gallon beginning on January 1, 2018, through

1 December 31, 2018; and

2 (v) Nine and one-half cents per gallon beginning on January 1, 2019.

3 (2) As part of filing the return required by section 66-488, each  
4 producer of ethanol shall, in addition to other taxes imposed by the  
5 motor fuel laws, pay an excise tax of one and one-quarter cents per  
6 gallon through December 31, 2004, and commencing January 1, 2010, and two  
7 and one-half cents per gallon commencing January 1, 2005, through  
8 December 31, 2009, on natural gasoline purchased for use as a denaturant  
9 by the producer at an ethanol facility. All taxes, interest, and  
10 penalties collected under this subsection shall be remitted to the State  
11 Treasurer for credit to the Agricultural Alcohol Fuel Tax Fund, except  
12 that commencing January 1, 2005, through December 31, 2009, one and one-  
13 quarter cents per gallon of such excise tax shall be credited to the  
14 Ethanol Production Incentive Cash Fund. For fiscal years 2007-08 through  
15 2011-12, if the total receipts from the excise tax authorized in this  
16 subsection and designated for deposit in the Agricultural Alcohol Fuel  
17 Tax Fund exceed five hundred fifty thousand dollars, the State Treasurer  
18 shall deposit amounts in excess of five hundred fifty thousand dollars in  
19 the Ethanol Production Incentive Cash Fund.

20 (3)(a) Motor fuels, methanol, and all blending agents or fuel  
21 expanders shall be exempt from the taxes imposed by this section and  
22 sections 66-489.02, 66-4,105, 66-4,140, 66-4,145, and 66-4,146, when the  
23 fuels are used for buses equipped to carry more than seven persons for  
24 hire and engaged entirely in the transportation of passengers for hire  
25 within municipalities or within a radius of six miles thereof.

26 (b) The owner or agent of any bus equipped to carry more than seven  
27 persons for hire and engaged entirely in the transportation of passengers  
28 for hire within municipalities, or within a radius of six miles thereof,  
29 in lieu of the excise tax provided for in this section, shall pay an  
30 equalization fee of a sum equal to twice the amount of the registration  
31 fee applicable to such vehicle under the laws of this state. Such

1 equalization fee shall be paid in the same manner as the registration fee  
2 and be disbursed and allocated as registration fees.

3 (c) Nothing in this section shall be construed as permitting motor  
4 fuels to be sold tax exempt. The department shall refund tax paid on  
5 motor fuels used in buses deemed exempt by this section.

6 (4) Natural gasoline purchased for use as a denaturant by a producer  
7 at an ethanol facility as defined in section 66-1333 shall be exempt from  
8 the motor fuels tax imposed by subsection (1) of this section as well as  
9 the tax imposed pursuant to sections 66-489.02, 66-4,140, 66-4,145, and  
10 66-4,146.

11 (5) Unless otherwise provided by an agreement entered into between  
12 the State of Nebraska and the governing body of any federally recognized  
13 Indian tribe within the State of Nebraska, motor fuels purchased on a  
14 Nebraska Indian reservation where the purchaser is a Native American who  
15 resides on the reservation shall be exempt from the motor fuels tax  
16 imposed by this section as well as the tax imposed pursuant to sections  
17 66-489.02, 66-4,140, 66-4,145, and 66-4,146.

18 (6) Motor fuels purchased for use by the United States Government or  
19 its agencies shall be exempt from the motor fuels tax imposed by this  
20 section as well as the tax imposed pursuant to sections 66-489.02,  
21 66-4,140, 66-4,145, and 66-4,146.

22 (7) In the case of diesel fuel, there shall be no tax on the motor  
23 fuels reported if (a) the diesel fuel has been indelibly dyed and  
24 chemically marked in accordance with regulations issued by the Secretary  
25 of the Treasury of the United States under 26 U.S.C. 4082 or (b) the  
26 diesel fuel contains a concentration of sulphur in excess of five-  
27 hundredths percent by weight or fails to meet a cetane index minimum of  
28 forty and has been indelibly dyed in accordance with regulations  
29 promulgated by the Administrator of the Environmental Protection Agency  
30 pursuant to 42 U.S.C. 7545.

31 ~~(8) The changes made to this section by Laws 2008, LB 846, apply for~~

1 ~~tax periods beginning on and after July 1, 2009.~~

2       Sec. 2. Section 66-4,105, Reissue Revised Statutes of Nebraska, is  
3 amended to read:

4       66-4,105 (1) There is hereby levied and imposed an excise tax in an  
5 amount set in subsection (2) of this section ~~of seven and one-half cents~~  
6 ~~per gallon~~, increased by the amounts imposed or determined under sections  
7 66-489.02, 66-4,140, 66-4,145, and 66-4,146, upon the use of all motor  
8 fuels used in this state and due the State of Nebraska under section  
9 66-489. Users of motor fuels subject to taxation under this section shall  
10 be allowed the same exemptions, deductions, and rights of reimbursement  
11 as are authorized and permitted by Chapter 66, article 4, other than any  
12 commissions provided under such article.

13       (2) The excise tax shall be:

14       (a) Seven and one-half cents per gallon through December 31, 2015;

15       (b) Eight cents per gallon beginning on January 1, 2016, through  
16 December 31, 2016;

17       (c) Eight and one-half cents per gallon beginning on January 1,  
18 2017, through December 31, 2017;

19       (d) Nine cents per gallon beginning on January 1, 2018, through  
20 December 31, 2018; and

21       (e) Nine and one-half cents per gallon beginning on January 1, 2019.

22       (3) For purposes of this section and section 66-4,106, use means  
23 ~~shall mean~~ the purchase or consumption of motor fuels in this state. ~~The~~  
24 ~~changes made to this section by Laws 2008, LB 846, apply for tax periods~~  
25 ~~beginning on and after July 1, 2009.~~

26       Sec. 3. Section 66-4,145, Reissue Revised Statutes of Nebraska, is  
27 amended to read:

28       66-4,145 (1) In addition to the tax imposed by sections 66-489,  
29 66-489.02, and 66-4,140, each producer, supplier, distributor,  
30 wholesaler, and importer required by section 66-489 to pay motor fuels  
31 taxes shall pay an excise tax in an amount set in subsection (2) of this

1 ~~section of two and eight-tenths cents per gallon~~ on all motor fuels  
2 received, imported, produced, refined, manufactured, blended, or  
3 compounded by such producer, supplier, distributor, wholesaler, or  
4 importer within the State of Nebraska. ~~The changes made to this section~~  
5 ~~by Laws 2008, LB 846, apply for tax periods beginning on and after July~~  
6 ~~1, 2009.~~

7 (2) The excise tax shall be:

8 (a) Two and eight-tenths cents per gallon through December 31, 2015;

9 (b) Three and eight-tenths cents per gallon beginning on January 1,  
10 2016, through December 31, 2016;

11 (c) Four and eight-tenths cents per gallon beginning on January 1,  
12 2017, through December 31, 2017;

13 (d) Five and eight-tenths cents per gallon beginning on January 1,  
14 2018, through December 31, 2018; and

15 (e) Six and eight-tenths cents per gallon beginning on January 1,  
16 2019.

17 Sec. 4. Section 66-4,146, Reissue Revised Statutes of Nebraska, is  
18 amended to read:

19 66-4,146 (1) In addition to the tax imposed by sections 66-489,  
20 66-489.02, 66-4,140, and 66-4,145, each producer, supplier, distributor,  
21 wholesaler, and importer required by section 66-489 to pay motor fuels  
22 taxes shall pay an excise tax in an amount set in subsection (2) of this  
23 section of two and eight-tenths cents per gallon on all motor fuels used  
24 in the State of Nebraska. ~~The changes made to this section by Laws 2008,~~  
25 ~~LB 846, apply for tax periods beginning on and after July 1, 2009.~~

26 (2) The tax shall be:

27 (a) Two and eight-tenths cents per gallon through December 31, 2015;

28 (b) Three and eight-tenths cents per gallon beginning on January 1,  
29 2016, through December 31, 2016;

30 (c) Four and eight-tenths cents per gallon beginning on January 1,  
31 2017, through December 31, 2017;

1        (d) Five and eight-tenths cents per gallon beginning on January 1,  
2 2018, through December 31, 2018; and

3        (e) Six and eight-tenths cents per gallon beginning on January 1,  
4 2019.

5        Sec. 5. Section 66-6,107, Reissue Revised Statutes of Nebraska, is  
6 amended to read:

7        66-6,107 (1) In addition to the tax imposed pursuant to sections  
8 66-6,108, 66-6,109, and 66-6,109.02, an excise tax in an amount set in  
9 subsection (2) of this section of seven and one-half cents per gallon or  
10 gallon equivalent is levied and imposed on all compressed fuel sold for  
11 use in registered motor vehicles. ~~The changes made to this section by~~  
12 ~~Laws 2008, LB 846, apply for tax periods beginning on and after July 1,~~  
13 ~~2009.~~

14        (2) The tax shall be:

15        (a) Seven and one-half cents per gallon or gallon equivalent through  
16 December 31, 2015;

17        (b) Eight cents per gallon or gallon equivalent beginning on January  
18 1, 2016, through December 31, 2016;

19        (c) Eight and one-half cents per gallon or gallon equivalent  
20 beginning on January 1, 2017, through December 31, 2017;

21        (d) Nine cents per gallon or gallon equivalent beginning on January  
22 1, 2018, through December 31, 2018; and

23        (e) Nine and one-half cents per gallon or gallon equivalent  
24 beginning on January 1, 2019.

25        Sec. 6. Section 66-6,109, Reissue Revised Statutes of Nebraska, is  
26 amended to read:

27        66-6,109 (1) In addition to the tax imposed by sections 66-6,107,  
28 66-6,108, and 66-6,109.02, each retailer shall pay an excise tax in an  
29 amount set in subsection (2) of this section of two and eight-tenths  
30 cents per gallon or gallon equivalent on all compressed fuel sold for use  
31 in registered motor vehicles. ~~The changes made to this section by Laws~~

1 ~~2008, LB 846, apply for tax periods beginning on and after July 1, 2009.~~

2 (2) The tax shall be:

3 (a) Two and eight-tenths cents per gallon or gallon equivalent  
4 through December 31, 2015;

5 (b) Three and eight-tenths cents per gallon or gallon equivalent  
6 beginning on January 1, 2016, through December 31, 2016;

7 (c) Four and eight-tenths cents per gallon or gallon equivalent  
8 beginning on January 1, 2017, through December 31, 2017;

9 (d) Five and eight-tenths cents per gallon or gallon equivalent  
10 beginning on January 1, 2018, through December 31, 2018; and

11 (e) Six and eight-tenths cents per gallon or gallon equivalent  
12 beginning on January 1, 2019.

13 Sec. 7. Original sections 66-489, 66-4,105, 66-4,145, 66-4,146,  
14 66-6,107, and 66-6,109, Reissue Revised Statutes of Nebraska, are  
15 repealed.