

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 33

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 harmonize provisions;
- 4 and to repeal the original section.
- 5 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) Recommend a projected balance level for the Cash Reserve Fund
21 that would be adequate to sustain essential government operations in the
22 event of a recession;

23 (f) Include revenue projections for the ensuing two fiscal years
24 included in the impending biennial budget; and

25 (g) Contain any other recommendations that the Legislative Fiscal
26 Analyst determines are necessary.

27 Sec. 2. Section 77-2715.01, Revised Statutes Cumulative Supplement,
28 2014, is amended to read:

29 77-2715.01 (1)(a) Commencing in 1987 the Legislature shall set the
30 rates for the income tax imposed by section 77-2715 and the rate of the
31 sales tax imposed by subsection (1) of section 77-2703. For taxable years

1 beginning or deemed to begin before January 1, 2013, the rate of the
2 income tax set by the Legislature shall be considered the primary rate
3 for establishing the tax rate schedules used to compute the tax.

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

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

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

31 In the event it is determined by a majority vote of the committee

1 that the rates must be changed as a result of a regular or special
2 session or as a result of a change in the Internal Revenue Code of 1986
3 and amendments thereto, other provisions of the laws of the United States
4 relating to federal income taxes, and the rules and regulations issued
5 under such laws, the committee shall petition the Governor to call a
6 special session of the Legislature to make whatever rate changes may be
7 necessary.

8 Sec. 3. Original section 77-2715.01, Revised Statutes Cumulative
9 Supplement, 2014, is repealed.