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Revenue Committee
January 21, 2015

[LB170 LB171]

The Committee on Revenue met at 1:30 p.m. on Wednesday, January 21, 2014, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB170 and LB171. Senators present: Mike Gloor, Chairperson; Lydia Brasch; Burke Harr; Jim Scheer; Jim Smith; and Kate Sullivan. Senators absent: Paul Schumacher, Vice Chairperson; and Al Davis.

SENATOR GLOOR: Welcome to the Revenue Committee. I'm going to call the meeting to order. My name is Mike Gloor. I'm the Chairman this year and hopefully next year, God willing. And I'm from District 35, which is Grand Island. The committee will take up the bills in the order that's been posted. To better accommodate today's proceedings, I'm going to cover a few basic rules. If you have cell phones, please turn off your cell phones. The order of testimony is introducer, the proponents, opponents, and those who want to provide some neutral testimony. Please, if you're a testifier, fill out a sheet, hand it to the clerk. If you need copies, make sure that you get it to the pages. If you need copies, get it to them now so they can make copies of it. Please be concise. And this is for the broader committee, we have a five-minute rule in this committee but don't plan to use the lights, especially not today. But there will be days when we feel the need to use the lights. If you're not testifying and you would like to still make it known that you're here and have comments you would like as part of the record, there are sheets in the back of the room that can be completed. To my immediate right is committee counsel, Mary Jane Egr Edson. To the far right is our research analyst, Kay Bergquist, who will be a new face to some of the committee members but has been very active in a number of issues, especially having to do with property tax and education funding over the years. So we're glad to have Kay join the staff this year. And then the committee clerk is Krissa Delka. She's on the far left. Committee members, I would ask you if you would please introduce yourself and we'll start with Senator Brasch.

SENATOR BRASCH: Senator Lydia Brasch, District 16.

SENATOR HARR: Burke Harr, Legislative District 8.

SENATOR SULLIVAN: Kate Sullivan of Cedar Rapids, District 41.

SENATOR SMITH: Jim Smith, District 14 in Sarpy County.

SENATOR SCHEER: Jim Scheer, District 19.

SENATOR GLOOR: And our pages, committee members, this year are Colin Loberg. Colin, you're from Wayne, correct?

COLIN LOBERG: Yep.

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SENATOR GLOOR: Did I pronounce your last name correctly?

COLIN LOBERG: Yes, you did.

SENATOR GLOOR: Good. And Donnie was here earlier, Donnie Earl. He'll be back. Oh, there's Donnie. He's on the other side. We're flanked by pages today. Donnie is from here in Lincoln. We're going to take up the two bills we have today in the order that's been published. And I'm going to ask Senator Sullivan to take over the rein since I have both these technical bills and need to present them.

SENATOR SULLIVAN: Pleased to do so.

SENATOR GLOOR: Thank you, Senator Sullivan.

SENATOR SULLIVAN: Senator Gloor to introduce LB170.

SENATOR GLOOR: Thank you, Senator Sullivan, and good afternoon again, committee members. My name is Senator Mike Gloor, G-I-o-o-r, presenting bills today that have been brought to us by the Department of Revenue, first one is LB170. In 2014, LB867 passed containing among other provisions a change in the timing of distributions to the city of Ralston under the Sports Arena Facility Financing Assistance Act. In addition to the transfer of certain funds to the city of Ralston, the act requires the 30 percent of state sales tax revenue remaining after the appropriation and transfer in (3) of this section, which was to Ralston, shall be appropriated by the Legislature to the Civic and Community Center Financing Fund. LB867 did not change the timing of the transfer for this portion of the funds which was being done annually and what we changed last year was to make sure that happened on a quarterly basis. However, we did that for the larger 70 percent that went to Ralston, did not do it for the 30 percent that was transferred then to the Civic and Community Center Financing Fund. A request was received from the Office of the State Treasurer to make the same timing change apply to this transfer of funds so as to allow the Treasurer to make all transfers from the fund at the same time to avoid confusion. And that's all LB867 would attempt to do. And with that, I'll answer any questions or ask counsel to answer those questions. [LB170]

SENATOR SULLIVAN: Thank you, Senator. Senator Harr. [LB170]

SENATOR HARR: Thank you, Senator Sullivan. Just quickly for the record, the sports area facilities support fund applies to which project, if you know. [LB170]

SENATOR GLOOR: The arena in Ralston, I think. [LB170]

SENATOR HARR: The Lincoln arena or Omaha or where? [LB170]

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SENATOR GLOOR: No. It's Ralston, the Ralston Arena. [LB170]

SENATOR HARR: So there were two different funds that were funding the Ralston Arena, is that...? [LB170]

SENATOR GLOOR: Yes. As part of this, the monies that are being raised, a portion of it, 30 percent, is set aside in a special fund that smaller communities then can utilize for community enhancement that's defined within the original bill. [LB170]

SENATOR HARR: Oh. Right. [LB170]

SENATOR GLOOR: But this is that project that... [LB170]

SENATOR HARR: Never mind, okay. Yeah. [LB170]

SENATOR GLOOR: Yeah. [LB170]

SENATOR HARR: I remember that now. [LB170]

SENATOR GLOOR: Seventy cents out of every dollar goes... [LB170]

SENATOR HARR: To Ralston Arena and then the 30 percent is to...perfect. [LB170]

SENATOR GLOOR: Yep, until the bonds are retired. At that point in time, it goes away. [LB170]

SENATOR HARR: I remember it now. Thank you. I apologize. [LB170]

SENATOR GLOOR: It took me a briefing to jog my memory also. [LB170]

SENATOR SULLIVAN: Any other questions? Senator, to close? [LB170]

SENATOR GLOOR: No. [LB170]

SENATOR SULLIVAN: Okay. Oh, excuse me. Well, I guess it doesn't appear there's anyone wishing to testify, hiding under the chairs or anything. (Laugh) Okay, very good. Then we will move on to LB171. [LB170]

SENATOR GLOOR: Thank you, Senator Sullivan. My name is Mike Gloor, G-I-o-o-r. Nebraska conforms its tax statutes to the Internal Revenue Code with some exceptions. This is the annual conformity bill which conforms our code to the Internal Revenue Code as it exists on a date certain and that date certain will be the effective date of the bill.

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This is a bill that comes before this committee every year, very technical. But that's all we're attempting to do with LB171. [LB171]

SENATOR SULLIVAN: Thank you, Senator. Senator Harr. [LB171]

SENATOR HARR: Sorry, Senator Gloor. I take a little bit of exception to this bill and not for the reasons you think. In the past, we've done a date certain. So it was April 11, 2014, so that when we were voting on a bill, we would know if someone was so inclined to read the Internal Revenue Code. Now we have, based on the effective date of this act which would be, since there's not an E clause, 90 days after we get out of session. And so there's a chance Congress...we have a new Congress. Maybe we'll actually pass something. We could have a change in statute which would effect our statute book between the time we vote for it and the time it's actually operative. And we could have a situation where we might have something we don't want. I guess my question is, why did we switch from a date certain, let's say of March 1 of the code when we know what it is to July...or I guess that's September 1, basically, or September 5? Is there a reason behind that because that worries me a little. [LB171]

SENATOR GLOOR: It's such an easy answer that I'm going to let counsel answer it for you, Senator. [LB171]

MARY JANE EGR EDSON: I would point out that in the last section of the bill there is an E clause. And so rather than setting a date certain... [LB171]

SENATOR HARR: Oh, okay. [LB171]

MARY JANE EGR EDSON: ...the Revisor's Office... [LB171]

SENATOR GLOOR: That's right. [LB171]

MARY JANE EGR EDSON: ...recommended that we just do the effective date of the bill and insert the E clause which would make... [LB171]

SENATOR HARR: Okay. [LB171]

MARY JANE EGR EDSON: ...that would be the earliest. [LB171]

SENATOR HARR: We still have a little bit of a lag time but not much. Yeah. Okay, all right. Thank you. [LB171]

SENATOR GLOOR: Good question. Thank you. Better answer. [LB171]

SENATOR SULLIVAN: Any other questions? Okay. Seeing no one in the audience

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wishing to testify, Senator Gloor, to close? He waives closing. And this, in effect, closes the hearing for the day. [LB171]