

ONE HUNDRED SEVENTH LEGISLATURE - FIRST SESSION - 2021
COMMITTEE STATEMENT
LB502

Hearing Date: Thursday February 18, 2021
Committee On: Revenue
Introducer: Flood
One Liner: Change sales tax incentives under the Nebraska Advantage Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Albrecht, Bostar, Briese, Flood, Friesen, Lindstrom, Pahls,
Linehan
Nay:
Absent:
Present Not Voting:

Oral Testimony:

Proponents:
Senator Mike Flood
David Rippe

Representing:
Introducer
NetChoice

Opponents:
Lynn Rex
Joseph Kohout
Jack Cheloha

Representing:
League of Nebraska Municipalities
United Cities of Sarpy County
City of Omaha

Neutral:

Representing:

Submitted Written Testimony:

Proponents:
Jennifer Creager

Representing:
Lincoln Chamber of Commerce, Greater Omaha Chamber,
Nebraska Chamber

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB502 would allow taxpayers with existing agreements, or who have filed applications under the Nebraska Advantage Act prior to the sunset of the Act, the same sales and use tax exemptions that are now provided to taxpayers under the ImagiNE Act.

Traditionally, under Nebraska's tax incentive programs, taxpayers must first document sales and use taxes paid on qualifying equipment and then file refund claims to obtain the tax incentive. Under LB1107 (2020), the provisions of the ImagiNE Act allow qualified applicants to use a direct pay permit ("DPP").

A DPP is presented to the seller and no sales tax is charged to the purchaser. For any taxable purchases made, the taxpayer must be remit the sales tax directly to the Department of Revenue.

LB502 would allow taxpayers with existing agreements under the Nebraska Advantage Act, or who filed applications under the Act prior to the sunset of the Act, to utilize this same DPP process for purchases of qualifying equipment. The DPP must be issued within 60 days of the effective date of the bill for taxpayers with existing agreements. Nebraska Advantage Act applicants who have not yet executed an agreement with the State would receive a DPP upon execution of the agreement.

Taxpayers are allowed to opt out of this provision if they do not wish to apply for a DPP. For taxpayers with agreements in effect prior to the effective date of the bill, an election may be made to apply for a DPP. Absent any election by the taxpayer, the traditional method of filing sales and use tax refund claims will apply.

Explanation of amendments:

AM1366 adds provisions intended to provide greater transparency to cities. The language is modeled after the transparency provisions of LB1107 (2020).

Taxpayers who receive sales tax exemptions or refunds under the Nebraska Advantage Act are required to comply with the provisions of Neb.Rev.Stat. Section 77-27,444, including disclosures to a municipality which would have received sales or use taxes but for the exemption.

The Tax Commissioner is required to disclose the identity of the taxpayer and the location of the taxpayer's project to each municipality in which the project is located.

Lou Ann Linehan, Chairperson