

# Committee on Revenue

## Summary and Disposition of Bills

One Hundred First Legislature

First Session – 2009

July, 2009

Senator Abbie Cornett, Chair

# COMMITTEE ON REVENUE

## One Hundred First Legislature

### First Session - 2009

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# COMMITTEE ON REVENUE

## SUMMARY AND DISPOSITION OF BILLS

ONE HUNDRED FIRST LEGISLATURE  
FIRST SESSION - 2009

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## **DEPARTMENT OF REVENUE – STATE TAX ADMINISTRATION**

### **LB 164 (Cornett, 2009) - Change provisions relating to tax incentive programs - Enacted**

LB 164 simplifies several tax incentive programs, extends the Agricultural Opportunities and Value-Added Partnerships Act and the Building Entrepreneurial Communities Act, and eliminates or changes various termination dates for several economic development tax incentive programs.

Section 1 extends the Agricultural Opportunities and Value-Added Partnership grant program until January 1, 2015. The program is set to expire on January 1, 2011.

Section 2 amends the Nebraska Advantage Rural Development Act to provide credits from the approved projects on a calendar year rather than a fiscal year because all other tax incentive programs operate on a calendar year.

Section 3 amends the definition of new employee under the Nebraska Advantage Act to include employees who work at a military installation in Nebraska for a taxpayer on tasks interdependent with the work performed at the project.

Section 4 amends and expands the definition of a qualified business under the Nebraska Advantage Act to include businesses in which seventy-five percent or more of their revenue is derived from the sale of tangible personal property to unrelated consumers outside of the state.

Section 5 allows a taxpayer and the Tax Commissioner to amend an application under the Nebraska Advantage Act to a lower Tier of benefits provided the amendment is consistent with the purpose of the Act and meets the definition of a qualified business under the respective Tier.

Section 6 eliminates the sunset under Nebraska Advantage for Tier 1 and Tier 3 projects. Section 6 adjusts the investment thresholds index formula under the Nebraska Advantage Act. It also adjusts the base index for Tier 6 from the first quarter of 2006 to the first quarter of 2008. The Committee Amendment, AM 234, set a sunset date of December 31, 2015.

Section 7 allows credit usage against income tax withholding for Tier 6 projects to apply to all employees employed at the respective project. Currently, credits may only be used against withholding attributable to new employees employed at the project.

Section 8 amends Nebraska Advantage to apply uniform recapture of benefits between the Tiers. Currently, the amount subject to recapture equals one-seventh of the benefits used regardless of the respective entitlement period.

Section 9 prohibits interest on refunds under the Nebraska Advantage Research and Development Act.

Section 10 eliminates the sunset for the Nebraska Advantage Research and Development Act. The program was set to expire on January 1, 2011. The Committee Amendment, AM 234, set a sunset date of December 31, 2015.

Section 11 eliminates the sunset for the Nebraska Advantage Microenterprise Tax Credit Act. No applications were to be approved after December 31, 2010. The Committee Amendment, AM 234, set a sunset date of December 31, 2015.

Section 12 prohibits interest on refunds under the Nebraska Advantage Microenterprise Tax Credit Act.

Section 13 extends the Building Entrepreneurial Communities Act grant program until January 1, 2015. The program is set to expire on January 1, 2011.

Section 14. Section 6 and 7 are effective January 1, 2009.

Section 15. Original sections 77-5725 and 77-5726, Revised Statutes Cumulative Supplement, 2008, are repealed.

Section 16. Original sections 2-5413 and 81-12,125, Reissue Revised Statutes of Nebraska, and sections 77-27,187.02, 77-5714, 77-5715, 77-5723, 77-5727, 77-5804, 77-5806, 77-5905, and 77-5906, Revised Statutes Cumulative Supplement, 2008, are repealed.

The Committee Amendments altered the original bill to extend sunset dates on three sections. The sunset dates were terminated by the original language of the bill. The Committee chose to extend sunset dates to December 31, 2015. The programs with extended sunset dates are Tiers One and Three of the Nebraska Advantage Act (Section 6), the Nebraska Advantage Research and Development Act (Section 10), and the Nebraska Advantage Microenterprise Tax Credit Act (Section 11).

### **LB 165 (Cornett, 2009) Change revenue laws - Enacted**

LB 165 simplifies tax administration and enhances enforcement of the tax laws of this state.

LB 165 amends several sales tax statutes to maintain compliance with the Streamlined Sales and Use Tax Agreement; mandate certain tax professionals to file tax returns electronically; clarifies the time period for a corporate officer's tax liability; authorizes the Tax Commissioner to provide municipalities with additional sales tax information; increases the amount the Department of Revenue may be reimbursed to more closely match the actual administrative costs associated with the Petroleum Release Remedial Action Fee; clarifies the applicability of several sales tax exemptions; and changes the date on which a tax protest becomes final to conform to the Administrative Procedure Act.

Section 1 amends Neb. Rev. Stat. Sec. 66-1521 to increase the maximum amount the Department of Revenue may be reimbursed for costs associated with the administration



of the Petroleum Release Remedial Action Fee to \$150,000 annually. The current maximum is set at \$28,000, which has not been adjusted since fiscal year 1990-1991.

Section 2 amends Neb. Rev. Stat. Sec. 77-1783.01 and would limit a corporate officer's liability for a corporation's tax liability to three years following the Department's notice or demand for payment. The change tolls statute of limitations for the officer's liability in cases where the corporation's liability is at issue or becomes final.

Section 3 amends Neb. Rev. Stat. Sec. 77-1784 to provide the Tax Commissioner the authority to mandate electronic filing of tax returns prepared and filed by certain tax professionals for profit. Requires disclosure of filing mandate to the taxpayer. Provides for a penalty for noncompliance. The Tax Commissioner may waive the penalty upon a showing of good cause by the tax professional.

Section 4 amends Neb. Rev. Stat. Sec. 77-2701.03 to relieve a seller of liability for failing to collect sales tax at a new rate following a rate change if the state does not provide at least thirty days notice of the rate change (the seller is liable for tax collections at the previous rate).

Section 5 amends Neb. Rev. Stat. Sec. 77-2701.16 to conform the telecommunication definitions to the Streamlined Sales and Use Tax Agreement and remove other outdated definitions. Committee amendment AM 121 clarified the terms and rearranged the order of the modifying terms to satisfy industry concerns about harmonizing and eliminating any ambiguity in meaning relative to the national Streamlined Sales and Use Tax Agreement. The term ancillary services was added here, a term found in other sections of state law. Language was added making it clear that ancillary services do not include conference bridging services and non voice data service in the definition of taxable gross receipts. This clarifies and affirms current policy.

Section 6 amends 77-2701.24 to clarify that sales made on an online auction site for a period of three days or less qualifies as an occasional sale for purposes of sales and use tax. As an occasional sale, household goods and personal effects are exempt from sales and use tax if sold at the taxpayer's residence for a period of three days or less and the item sold is not sold in the course of the taxpayer's business. In addition, the item sold must have been originally acquired and used for personal use.

Section 7 amends Neb. Rev. Stat. Sec. 77-2703.04 to conform sourcing of certain telecommunications services to the Streamlined Sales and Use Tax Agreement.

Section 8 amends 77-2704.09 to clarify that the sales and use tax exemption for mobility enhancing equipment requires a prescription, not coverage under the medical assistance program.

Section 9 amends 77-2704.12 to clarify the sales and use tax exemption for purchases made by certain nonprofits are limited to uses licensed under the Healthcare Licensure Act, or licensed or certified by the Department of Health and Human Services. The exemption does not qualify for uses that are not otherwise certified or licensed. (The original Section 9 was stricken. See LB 420 for a history of 2009 action on this issue.)

Section 10 amends Neb. Rev. Stat. Sec. 77-2704.52 to conform the telecommunication definitions to the Streamlined Sales and Use Tax Agreement and remove other outdated definitions.

Section 11 amends Neb. Rev. Stat. Sec. 77-2711 to allow the Tax Commissioner to provide certain municipalities additional sales and use tax information.

Section 12 amends Neb. Rev. Stat. Sec. 77-2712.05 to relieve purchasers of penalties of failure to pay the correct amount of tax sales if the error was based upon reliance upon erroneous information provided by the state.

Section 13 amends 77-2780 to change the period of time in which the Department's administrative decision shall become final (from 60 to 30 days). The change is necessary to conform to the Administrative Procedures Act.

Section 14. Sections 1, 14, 15, and 18 of this act become operative on July 1, 2009. Sections 3 and 16 of this act become operative on January 1, 2010. The other sections of this act become operative on October 1, 2009.

Section 15 repeals the original sections under Sec. 66-1521.

Section 16 repeals the original sections under Sec. 77-1784.

Section 17. Original sections 77-2701.03 and 77-2704.52, Reissue Revised Statutes of Nebraska, and sections 77-1783.01, 77-2701.16, 77-2701.24, 77-2703.04, 77-2704.09, 77-2704.12, 77-2711, 77-2712.05, and 77-2780, Revised Statutes Cumulative Supplement, 2008, are repealed.

Section 18. Emergency Clause.

The Revenue Committee amended LB 165 with AM 121 as follows.

Section 9 of the original bill was stricken. This eliminated the Department of Revenue's proposed change in these provisions involving sales tax exemptions for health care providers. (See LB 420 for a history of 2009 action on this issue.)

Several sections which defined telecommunication services were modified by the committee amendment by AM 121.

Revenue Committee AM121 also changed the tax credit provision of the Beginning Farmer Act. Provisions changed by the amendment were made in 2008, but tax code provisions remained unmodified by the 2008 law. These were modified to reflect the changes made in the prior legislative session.

### **LB 166 (Cornett, 2009) Change provisions relating to property tax - Enacted**

LB 166 was the annual bill brought to the Committee by the Property Tax Administrator to clarify and improve the administration of the property tax in Nebraska. Its major provisions were: 1) remove obsolete language from statutes, 2) set July 31 as the last

date that annexation by a political subdivision would be accepted by the county assessor for valuation certification on August 20, 3) allow the Property Tax Administrator to determine the factor necessary to adjust agricultural school lands that are for sale to actual value, 4) allow the Property Tax Administrator to set a time different from the dates set out in section 77-421(1) for a certification examination when the office of the county assessor becomes vacant and no one in the county is certified to be appointed to the office of county assessor by the county board, 5) allow the county assessor to appoint a designee to attend meetings of the county board of equalization when the county assessor is unable to attend, and 6) eliminate requirement to file multiple copies of the valuation protest with the county board of equalization.

The Committee adopted amendment AM16 to LB 166 as recommended by the Department of Revenue staff. Amendments to page 5, line 15, of the original bill eliminated redundant language found in Section 77-201. A second amendment eliminated a reference to Section 77-1704.01 found in the original bill.

**LB 251 (Cornett, 2009) Update references to the Internal Revenue Code - Enacted**

LB 251 updates Nebraska statutes to federal law by changing all statutory references to the Internal Revenue Code.

**LB 44 (Flood, 2009) - Correct a definition and eliminate obsolete statutory references in revenue provisions - On Select File**

LB 44 eliminates a reference to collection of state taxes by county treasurers and deletes reference to corporation and adds "company".

**LB 45 (Flood, 2009) - Eliminate references to a fund that terminated - On Select File**

LB 45 strikes references to the Department of Revenue Enforcement Technology Fund which terminated on July 1, 2006 and removes language referencing termination date.

## **SALES TAX EXEMPTIONS**

### **LB 9 (Wightman, 2009) Exempt biofuels used for irrigation and farming purposes from sales tax - Enacted**

LB 9 adds certain fuels to a list of fuels exempt from sales tax when 50 percent or more of the fuel is purchased for use in irrigation or farming. The fuels added are wood, corn and biofuel. The term biofuel is not defined in the bill.

The bill contains an April 1, 2009 operative date.

The Committee amendment, AM 709, struck the term biofuel from the bill. The original bill included the term biofuels as an exempt fuel. The term was not defined in the bill. No other provisions of state law define the term. The Committee removed the term biofuel from the bill rather than create an undefined exemption with broad applicability.

(A floor amendment added the provisions of LB 233, exempting mineral oil. See AM1217.)

### **LB 587 (Dierks, 2009) Exempt animal grooming from sales tax as prescribed - Enacted**

LB 587 changes the definition of gross receipts for providing services to exclude animal grooming performed by a licensed veterinarian or licensed veterinarian technician. The operative date is October 1, 2009.

The Committee advanced LB 587 with AM721 specifying that in order for animal grooming done by a veterinarian or veterinary technician to be exempt from sales tax, it had to be done in conjunction with medical treatment.

### **LB 420 (Hadley, 2009) Change a sales tax exemption relating to nonprofit organizations - On Final Reading**

LB 420 extends a sales tax exemption for non-profit hospitals to other facilities. The original bill provided that the facilities included in this exempt status would be health care practitioner facilities owned or controlled by a non-profit hospital, and health care practitioner facilities which receive federal funds from the United States Public Health Service for serving medically under-served populations.

The Committee adopted AM710 which clarifies the original intent of the bill by specifying the health care entities exempt from sales tax under current law. The exemptions are limited to purchases made for use in facilities licensed or certified by the Department of Health and Human Services. The amendment also includes language originally included in LB 165 dealing with activities and services provided at sales tax exempt facilities.

The bill was passed on May 21, 2009. A motion by the sponsor to return the bill to the floor was passed on May 27, 2009, as was a motion to reconsider the final reading vote. A subsequent amendment delayed the effective date until 2010. The bill now is positioned on final reading awaiting action by the Legislature in the 2010 session.

**LB 234 (Adams, 2009) Change a sales and use tax exemption relating to fuel and energy - On General File**

LB 234 would amend section 77-2704.13 by adding a definition of processing and states that processing includes all use of grain drying equipment in a commercial facility.

Current law exempts from sales and use taxes purchases of electricity, coal, gas, fuel, oil, diesel fuel, tractor fuel, propane, gasoline, coke, nuclear fuel, and butane made before April 1, 1993, or after March 31, 1994 when more than 50 percent of the amount purchased is for use directly in processing, manufacturing, or refining, in the generation of electricity, or by any hospital.

**LB 421 (Nordquist, 2009) Suspend collection of fuel tax on compressed natural gas for a prescribed period - On General File**

LB 421 would suspend the collection of fuel tax on compressed natural gas from July 1, 2009 to January 1, 2015.

Section 1 changes the definition of compressed fuel to not include compressed natural gas until January 1, 2015. Upon January 1, 2015, the definition of compressed fuel will mean compressed natural gas, liquefied petroleum gas, liquefied natural gas, butane, and any other type of compressed gas or compressed liquid suitable for fueling a motor vehicle.

AM 1261 replaces the original bill and provides that until the earlier of January 1, 2015 or the first day of the first calendar quarter following the year during which the annual usage or consumption of compressed natural gas for fueling motor vehicles in the state exceeds one million gallon equivalent, compressed natural gas will be exempt from the Compressed Fuel Tax Act. Additionally, the Department of Revenue shall make the determination of gallon equivalent usage and consumption in the state based upon retailer reports and each retailer shall file a report of compressed natural gas usage and consumption until January 1, 2015.

**LB 57 (Louden, 2009) Exempt repairs and parts for agricultural machinery or equipment from sales and use taxes - Held in Committee**

LB 57 would exempt repair parts purchased for agricultural machinery and equipment from the retail sales tax. The bill would also exempt repair service charges from sales tax.

The bill would eliminate a sales tax refund found in current law. The refund provision appears to end the refund provision on and after October 1, 2009. Under current law, taxpayers can claim a refund within three years of purchase. The language found in LB 57 may eliminate refunds for taxpayers who purchased repair parts prior to the date found in the bill.

**LB 58 (Louden, 2009) Exempt heating oil or propane used for residential heating purposes from sales and use taxes - Held in Committee**

LB 58 exempts heating oil or propane used for residential heating purposes from the sales tax. Heating oil is not defined. A statutory definition of propane does exist.

**LB 65 (Dubas, 2009) Exempt agricultural machinery repair parts from sales tax - Held in Committee**

LB 65 would exempt repair parts purchased for agricultural machinery and equipment from the retail sales tax.

The bill would preserve a sales tax refund provision found in current law for repair parts purchased prior to October 1, 2009.

**LB 455 (Nordquist, 2009) Provide renewable energy sales and use tax credit and exemption for eligible entities - Held in Committee**

LB 455 would provide a renewable sales tax credit for certain electricity generators and a sales and use tax exemption for certain purchases of renewable energy equipment.

Section 3 defines eligible renewable resources to mean resources derived from wind, moving water, solar energy, geothermal energy, biomass, fuel cells, or landfill gases.

Section 4 defines renewable energy facility to mean any and all property owned, used, operated, or useful for operation in the generation or transmission of electricity produced by eligible renewable resources.

Section 5 defines eligible entity and includes public power districts, rural public power districts, joint entity or joint public agency created pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act, any electric cooperative corporation, and any municipality.

Section 6 prohibits the imposition of sales and use taxes on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state by any eligible entity of property used to generate or transmit electricity produced from eligible renewable resources, including any renewable energy facility.

Section 7 provides for a nonrefundable tax credit in the amount of 1.90 cents for each kilowatt-hour of electricity generated from eligible renewable resources at a renewable energy facility. The credit may be earned for 20 years after the date the renewable energy facility is placed in operation and the Tax Commissioner shall adjust the credit annually by the change in the previous year in the unadjusted Consumer Price Index.

The credit may be carried back for a period of three years; may be carried forward for a period of 10 years; and, is transferable for a period of 10 years.

The Department of Revenue may promulgate rules to permit verification of the validity of the tax credit claimed but may not adopt rules that unduly restricts the transfer of a credit. The credit may be claimed as a payment of tax, a prepayment of tax, or a payment of estimated tax.

Section 8 amends section 77-27,235 and clarifies that the credit claimed under this section may be claimed in addition to and independent of any credit claimed under LB 455.

Section 9 states the operative date to be July 1, 2009

**LB 583 (Dierks, 2009) Change sales, property, and income tax provisions and education funding - Held in Committee**

LB 583 would change the sales tax rate, although the new rate is not specified in the bill. The bill would broaden the sales tax base by adding untaxed services to the base of the sales tax. LB 583 would impose a sales tax on food and create a refundable income tax credit for food sales tax amounts. The bill would eliminate the property tax funding of community colleges. The levy limit for schools is altered by the bill. The bill would require funding of K-12 school employee costs by the state, along with transportation costs. The bill repeals the Local Option Sales Tax authority now found in law. Finally, the bill would create a fund for property tax relief.

Section 1 adds the bill's new language to the appropriate sections of statute.

Section 2 alters the tax rate beginning January 1, 2010.

Section 3 adds all services, except medical services, to the definition of gross receipts in the sales tax. The bill strikes specific itemized services that are now taxed and creates broad taxation of all services, except medical. It eliminates some exceptions to current specific taxation of services as well. (See page 7, line 3 to 5, for one example.)

Section 4 strikes a reference to Local Option Sales Tax use.

Section 5 rewrites current law on taxation of food, bringing food back into the sales tax base, except food purchased with food stamps.

Section 6 creates a refundable income tax credit for sales tax on food.

Section 7 determines the base amount of food sales tax credit.

Section 8 creates income eligibility guidelines for food sales tax credit.

Section 9 creates rules on dependents' eligibility for inclusion in the food sales tax credit.

Section 10 requires the Department of Revenue to publicize the availability of an income tax credit program for food sales tax.

Section 11 creates an unspecified levy limit for schools. It eliminates community college levies for general purposes.

Section 12 adds new language found in the bill to the Tax Equity and Educational Opportunities Act.

Section 13 makes school employee salaries and retirement benefits a state responsibility. School employees include those employed by educational service units as well as all other K-12 employees.

Section 14 eliminates certain property taxing levy authority for community colleges while leaving some tax authority in place.

Section 15 makes community colleges a state funding responsibility.

Section 16 creates the Property Tax Relief and Reorganization Fund. The Legislature is directed to determine use of this fund.

Section 17 establishes operative date of January 1, 2010.

Section 18 repeals amended language.

Section 19 repeals sections of current law, including Local Option Sales Tax authority for local governments.

**LB 127 (Avery, 2009) Exempt college textbooks and school expenses from sales tax as prescribed - Indefinitely Postponed by Committee**

LB 127 had two aspects. First, the bill would have exempted certain books from sales tax. Books exempted would have been any book recommended for reading for a course at an institution of higher education. Only purchases of such books by persons with a valid student identification card would have been exempt. Part-time students would have been exempted as well as full-time students.

Second, the bill would have created an annual sales tax holiday for certain items. The sales tax holiday would have been in August of each year. The exempted items would have been clothing with a value of less than \$100 per item, school supplies with a per item price of less than \$100, and computers selling for less than \$1,500. A list of school supplies which would remain taxable and were not exempted during the holiday was provided by the bill. Sports equipment would not have been exempt at the annual sales tax holiday; nor would any material which might be used in a trade or business.



Retailers were required to file a special report on the exempt sales. Language on sales on layaway and by mail order which qualify for the exemption was found in the bill.

No effective date was contained in the bill.

**LB 161 (Pahls, 2009) Adopt the Business Provided Sales Tax Holiday Act - Indefinitely Postponed by Committee**

LB 161 would have created statutory authority for a type of sales tax holiday for consumers of retail goods. Under this proposed change in current sales tax law, retailers could have advertised a sales tax holiday in which they agreed to pay the sales tax for the consumers of their products. This could have occurred only on the first weekend in August of each year. Under this act, the retailers would have been required to pay state and local government the sales tax owed on the purchase price paid by the consumer. The bill had an operative date of August 1, 2009.

**LB 336 (Friend, 2009) Exempt municipal water from sales tax - Indefinitely Postponed by Committee**

LB 336 would have exempted water sold by a municipal water supplier from sales tax.

**LB 385 (Pahls, 2009) Terminate sales tax provisions - Indefinitely Postponed by Committee**

LB 385 would have terminated sales tax exemptions. Several different sunset dates were established which vary from each other. These were assigned or designated for different sections of the sales tax provisions. The sponsor appeared to be designing a pattern of review of exemptions which proceeded in stages or different time periods. The power to use a local option sales tax was also sunsetted.

**LB 386 (Pahls, 2009) Change and suspend sales tax exemptions, change collection fees, change tax rates, and state intent relating to property tax relief - Indefinitely Postponed by Committee**

LB 386 would have eliminated all sales tax exemptions, suspended certain motor vehicle taxes and fees for a period of time, reduced the state sales tax rate for a period of time, altered the sales tax collection fee, and reduced the corporate income tax rate to zero. Property taxpayers were to receive a credit equal to their full liability under the bill for a period of time. The reduction in the taxes made by LB 386 was assumed to be paid for by the removal of exemptions in the sales tax code.

**LB 460 - (Friend, 2009) Change a sales tax exemption for nonprofit hospitals - Indefinitely Postponed by Committee**

LB 460 would have allowed a current sales tax exemption granted to non-profit hospitals to be extended to any non-profit health clinic owned by the hospital. This exempt treatment would also have been extended to any purchases made for any non-profit health care practitioner facility owned and controlled by the hospital.

**LB 485 (Cornett, 2009) Exempt natural gas from sales tax and impose an excise tax on natural gas - Indefinitely Postponed by Committee**

LB 485 would have repealed the sales tax on natural gas; exempted natural gas from sales and use tax; and provided for an excise tax on natural gas.

Section 5 repealed sales and use taxes on gas when more than 50 percent of the amount of purchase was for use directly in irrigation or farming.

Section 6 was a new section providing that sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption of natural gas used for residential purposes.

Section 7 provided that an excise tax would be imposed on all sales, use, or other consumption of natural gas for residential purposes. Furthermore, the tax would be paid by the purchases and collected by the seller and that the tax rate would be 74.15 cents per one million British thermal units (BTU), plus an additional 6.74 cents per one million BTUs per .5 cent of local option sales tax imposed by a political subdivision.

Section 7 also provided that the tax would be remitted to the Department of Revenue for credit to the General Fund or for distribution to political subdivisions that imposed a local option sales tax. The seller was required to submit a report setting forth the BTUs of natural gas sold in the reporting period. The Tax Commissioner was required to adopt and promulgate rules and regulations.

**LB 566 - (Dubas, 2009) Provide tax incentives for windmill manufacturing - Indefinitely Postponed by Committee**

LB 566 would have created a new tax incentive for windmill manufacturers and required use of the current Job Training Fund for employers which manufactured energy producing equipment that made use of renewable resources.

The tax credit was double that offered under current law provisions for certain manufacturers.

Businesses qualifying for this larger incentive would have been those engaged in the assembly, fabrication, manufacturing, or processing of windmills.

**LB 570 (Nordquist, 2009) Exempt museum memberships from sales and use taxes - Indefinitely Postponed by Committee**

LB 570 would have amended the Nebraska Revenue Act of 1967 and exempt state museum memberships from sales and use taxes, and would have amended section 77-2704.56 to expand the exemption for purchases of fine art by museums to include purchases related to performing arts.

**LB 632 (Mello, 2009) Adopt the Nebraska Green Building Advantage Act and authorize a sales tax refund - Indefinitely Postponed by Committee**

LB 632 would have established the Nebraska Green Building Advantage Act and provided for refund of sales and use taxes in certain situations.

Section 2 provided definitions as part of the Leadership in Energy and Environmental Design Green Building Rating System (LEED).

Section 3 provided that a portion of sales or use taxes shall be refundable to any person who pays sales or use tax related to the construction or retrofitting of a commercial building that complied with LEED standards. The portion refundable varied from 25 percent to 50 percent with an additional 10 percent available if certain criteria was met.

Section 4 authorized the Tax Commissioner to develop claim and refund forms. Taxpayers who provided fraudulent information were subject to penalties of \$100 or ten times the tax, whichever amount was larger.

**LB 233 (Adams, 2009) Exempt mineral oil to be applied to grain as a dust suppressant from sales and use taxes - Indefinitely Postponed on Floor (Amended into LB 9, AM1217)**

LB 233 would add a new section requiring that sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption of mineral oil to be applied to grain as a dust suppressant.

## **SALES TAX - OTHER**

### **LB 357 (Hadley, 2009) Change the cigarette tax collection commission - On General File**

LB 357 would increase the discount to wholesale dealers for tax stamps for cigarettes from 1.85 percent to three percent. The discount or commission is allowed to licensed cigarette wholesale dealers for affixing tax stamps or imprinting meter impressions. The commission is intended to compensate the wholesale dealer for providing these services.

The Committee amended LB 357 with AM657 which reduces the amount of increase in the commission rate allowed for licensed cigarette dealers from the proposed three percent in the original bill to 2.2 percent.

### **LB 186 (Karpisek, 2009) Change sales and use tax collection fees - Indefinitely Postponed by Committee**

LB 186 would have allowed retailers to deduct an additional sales tax collection fee when processing card payment purchases with sales tax withheld.

### **LB 249 (Fulton, 2009) Change sales tax collection fees - Indefinitely Postponed by Committee**

LB 249 would have amended sections 77-2703 and 77-2708 to restore the collection fee received by retailers for collecting sales tax.

LB 249 would have provided that those charged with collecting sales and use taxes, primarily retailers and county governments (in the case of motor vehicle sales) on and after July 1, 2010 would have been able to deduct and withhold from the amount of taxes collected two and one-half percent of the first \$3,000 remitted each month and one-half of one percent in excess of \$3,000 each month as reimbursement for the cost of collecting the tax. Currently, retailers receive two and one-half percent of the first \$3,000 of tax collected for a maximum collection fee of \$75 per month. Furthermore, the bill provided that the fee allowed for collecting these taxes until July 1, 2010 shall be two and one-half percent of the first \$3,000 of tax collected.

### **LB 296 (Dubas, 2009) Change a reciprocal sales and use tax exemption - Indefinitely Postponed by Committee**

LB 296 would have changed the reciprocal sales and use tax exemption and would have changed the current reciprocal exemption for purchases of industrial machinery and equipment, including parts for repairs to a reciprocal exemption for purchases of tangible personal property or services. The operative date would have been October 1, 2009.

**LB 536 (Stuthman, 2009) Authorize creation of transportation development districts and imposition of a local sales tax - Indefinitely Postponed by Committee**

LB 536 would have provided for the creation of transportation development districts for the purpose of improving or constructing roads, streets, bridges, and related structures within the district by adopting a resolution of intention to establish the district and provided for the imposition of a sales and use tax upon the same transactions sourced in sections 77-2703.01-77-2703.04 (retail sales, rentals and leases) for its funding.

**LB 539 (Coash, 2009) Authorize a refund of sales tax on certain residential building products - Indefinitely Postponed by Committee**

LB 539 would have allowed a sales tax refund of up to \$1,000 per year for external refurbishment of owner-occupied residential dwellings. The refund was only available if the dwelling was located in an area designated as blighted by a city government. The blighted designation by city ordinance could have been made solely for purposes of this refund program. Areas already designated as blighted under tax increment financing provisions may have also qualified for refunds.

## **INCOME TAX**

### **LB 162 (Cornett, 2009) Change provisions relating to contractor registration and income tax withholding - Enacted**

LB 162 simplifies contractor registration requirements for purposes of the Revenue Act and the Contractor Registration Act. Currently, most contractors are required to register with both the Department of Labor and the Department of Revenue. LB 162 creates a uniform definition of contractor, and a single database of registered contractors for purposes of the Revenue Act and the Contractor Registration Act. The registration process and database will be administered by the Department of Labor.

LB 162 also allows the Department of Revenue and the Department of Labor to share information for purposes of contractor registration. LB 162 transfers registration and fee requirements for nonresident contractors under Neb. Rev. Stat. Sections 77-3101- 77-3112 to the Contractor Registration Act. LB 162 eliminates bonding requirements for nonresident contractors.

The Revenue Committee adopted AM357 which authorizes the Commissioner of Labor to adopt and promulgate rules and regulations to establish the criteria for acceptability of filing documents and making payments electronically. The committee amendment replaces an affidavit requirement in the current law with a certification on the application. Furthermore, if the application contains a false statement it would be a violation of section 28-915.01 and guilty of a class I misdemeanor.

### **LB 112 (Heidemann, 2009) Exclude certain rural health loan repayments from income taxation - On Final Reading**

LB 112 amends section 77-2716 by adding a new section which provides that for taxable years beginning on or after January 1, 2009, federal adjusted gross income shall be reduced by loan repayments paid under the Rural Health Systems and Professional Incentive Act, to the extent such repayments are included in federal adjusted gross income for federal income tax purposes.

### **LB 159 (Gay, 2009) Provide an income tax credit for long-term care insurance policy premiums - On Final Reading**

Section 1 amends Section 77-2715.07 to allow for a nonrefundable credit against income tax in the amount equal to 25 percent of the premiums paid during the taxable year for one or more long-term care insurance policies issued on or after January 1, 2010. The credit may be claimed for a maximum of three years. No taxpayer can use this credit if he/she has used the adjustment to federal adjusted gross income as a participant in the Nebraska long-term savings plan for the same year. The credit shall not exceed the lesser of \$250 for an individual policy or \$500 for a joint policy or the taxpayer's income tax liability. Any unused tax credit shall not be allowed to be carried forward.

On Select File, the body adopted AM 1193. This amendment while retaining the three-year period allowed to take a credit, reduced the amount of credit allowed initially and then gradually increases it through 2015. Thus, for tax year January 1, 2010 and before January 1, 2011, it will be \$300 per married filed jointly or \$150 for any other return; for taxable years beginning January 1, 2011 and before January 1 2012, \$400 per married filing joint or \$200 for any other return; and for taxable years beginning on or after January 1, 2012 and before January 1 2015, \$500 per married filing jointly or \$250 for any other return.

**LB 405 (Cornett, 2009) Change income tax provisions related to planned gifts - On General File**

LB 405 would amend Nebraska's Charitable Tax Credit (LB 1010) as passed in 2006. The Nebraska Charitable Tax Credit is for irrevocable planned gifts to the permanent endowments of Nebraska's nonprofits.

Current law provides for a maximum annual credit of \$5,000, no carry forward or carry-back. LB 405 increases the maximum annual credits per taxpayer to \$10,000 with five years carry forward.

LB 405 would increase the credit against income tax allowed for a resident individual for a planned gift from 15 percent to 50 percent. The maximum credit is increased from \$5,000 to \$10,000, not to exceed the amount of tentative tax credit approved for the year. Any approved amount could be carried forward five years.

Additionally, for any contribution other than a planned gift from a resident individual, a 25 percent credit against income tax would be allowed. Maximum credit would be capped at \$10,000, not to exceed the amount of tentative tax credit approved for the year.

A contribution to a qualified endowment by a small business corporation, partnership, or limited liability company would qualify for a credit. The credit shall be attributed to shareholders, partners, or members, in the same proportion used to report the corporation's, partnership's, or limited liability company's income or loss for tax purposes up to an increased maximum of \$10,000 (current law is \$5,000) or the amount of the tentative credit approved for the tax year, whichever is less this year. The approved amount can be carried forward for up to five years. Additionally, corporations that are not taxed as a subchapter s corporation shall be allowed a credit in an amount equal to 25 percent (current law is 10 percent) of any contribution made. LB 405 would increase the maximum credit amount from \$5,000 to \$10,000 subject to the amount of tentative tax credit approved. Any approved amount can be carried forward five years.

A contribution to a qualified endowment by a resident estate or trust would qualify for a credit if the contribution is a planned gift or an outright gift and the credit and any credit not used by the estate or the trust may be attributed in the same proportion used to report the beneficiary's income from the estate or trust for Nebraska income tax purposes. LB 405 would increase the maximum credit per beneficiary from \$5,000 to \$10,000 and is capped by the tentative credit approved for the tax year. The amount may be carried forward up to five years.

The taxpayer would be required under LB 405 to file an application for tax credits. LB 405 limits the amount of tax credits to be approved at \$3.5 million for each calendar year.

The Committee adopted AM722. AM722 removes all provisions of the original bill except for the provision extending the sunset provision. AM722 extends the sunset provision one year until January 1, 2011.

**LB 67 (Friend, 2009) Adopt the Elementary and Secondary Education Opportunity Act - Held in Committee**

Section 1 names the act, Elementary and Secondary Education Opportunity Act.

Section 2 states that it is in the best interest of the state to encourage individuals and organizations to support organizations that financially assist parents and legal guardians to enroll their children in privately operated elementary and secondary schools.

Section 3 defines eligible student; qualified school; scholarship; school tuition organization and tuition.

Section 4 provides that a school tuition organization may apply to the Tax Commissioner to have one or more scholarship programs certified for tax-credit status.

Section 5 provides for a non-refundable income tax credit for an individual taxpayer who makes one or more cash contributions to any school tuition organization. The maximum credit shall be: \$2,500 for an individual and \$5,000 for a married couple. The credit may be carried forward for up to five years, but it shall not exceed the taxpayer's liability for the tax year. Furthermore, a tax credit shall not be allowed if the taxpayer designates all or any part of the contribution to a school tuition organization for the direct benefit of any eligible student specifically identified by the taxpayer.

Sections 6 through 8 provide for requirements of participation for partnerships, limited liability companies, subchapter S corporations, estates, trusts, and corporate taxpayers.

Section 9 describes the process for applying for the tax credit and limits total tax credits approved in any one calendar year to \$3,000,000.

Section 10 authorizes the Tax Commissioner to promulgate rules and regulations.

Section 11 amends section 77-2715.07 and include the nonrefundable tax credit under the Elementary and Secondary Education Opportunity Act.

Section 12 amends section 77-2734.03 and would add a nonrefundable tax credit for corporate taxpayers.

Section 13 provides the operative date is for all taxable years beginning or deemed to begin on or after January 1, 2009.

Section 14 is the severability clause. Section 15 repeals section 77-2715.07 and 77-2734.03.



**LB 69 (Cornett, 2009) Exclude military retirement benefits from income taxation as prescribed - Held in Committee**

LB 69 would begin exempting military retirement benefits from income taxation in tax year 2009, and exempt them in their entirety by tax year 2018. In tax year 2009, 10 percent would be exempt, and each year following 2009 an additional 10 percent would be added until 2018.

See page 9 of the bill for these changes made by Section 1.

Section 2 repeals existing language.

**LB 70 (Cornett, 2009) Exclude military retirements benefits from income taxation as prescribed - Held in Committee**

LB 70 would exclude some military retirement benefits from state income taxation. The amount excluded is limited to \$48,000 for couples and \$24,000 for other filers. A definition of military retirement benefits is found on page 10 of the bill. The bill defined military retirement income as periodic payments for service.

Section 1 defines the exemption and its provisions.

Section 2 repeals original language.

**LB 248 (Dubas, 2009) Change income tax credit provisions - Held in Committee**

LB 248 would increase the earned income tax credit and eliminate a child care credit now provided under Nebraska law.

Section 1 eliminates an existing child care credit as a refundable credit for persons with less than \$29,000 of federal adjusted gross income. The earned income tax credit would be increased from 10 to 13 percent of the federal credit.

Section 2 establishes a 2009 tax year operative date.

Section 3 repeals original sections.

**LB 520 (Hadley, 2009) Provide for an income tax credit for perpetual conservation easement donations - Held in Committee**

LB 520 would provide a refundable income tax credit for a perpetual conservation easement. The easement must be applied to property located in Nebraska. The State Department of Agriculture must review and approve applications. A limit equal to 15 percent of appraised value of the donated easement is imposed.

The bill would require that easements must be on file in the county register of deeds office. An annual limit of \$5 million would be imposed on the amount of income tax credits granted. The Department of Agriculture would be allowed to prioritize applications to comply with the limit, with the advice of the committee created for purposes of reviewing applications. Limits would be placed on the total amount of funds awarded in one year and over five years of credit use per applicant. Only one easement per year could be claimed by a taxpayer. A report is required on the use of credits. A report done jointly by the Department of Agriculture and the Department of Revenue is required by the bill and would be given to the Legislature. The report documents the use of the credit without revealing any confidential tax information.

**LB 77 (Gay, 2009) Change provisions relating to income tax credits and long-term care insurance - Indefinitely Postponed by Committee**

Section 1 would have amended section 77-2716(11)(a) providing that federal adjusted gross income would have been reduced by contributions up to \$5,000 per married filing jointly return or \$2,500 for any other return, and any investment earnings made as a participant in the Nebraska long-term care savings plan under the Long-Term Care Savings Plan Act, to the extent not deducted for federal income tax purposes. Current law provides for \$2,000 for married filed jointly and \$1,000 for any other return.

Section 2 would have reduced the age of qualified individual from 50 years to 40 years of age.

**LB 117 (Fischer, 2009) Authorize an income tax credit for certain retail business taxpayers - Indefinitely Postponed by Committee**

LB 117 would have provided an income tax credit for certain retail business taxpayers in small incorporated cities (less than 2,500). The credit would have been available to small businesses located in those places (less than \$500,000 of net taxable sales per year) and would have been limited to an amount of \$10,000, or two percent of the net taxable sales per year, whichever was less. The credit would have been available as a corporate income tax credit for incorporated businesses as well.

Section 1 would have added new language to income tax code as found in the bill.

Section 2 would have added new provisions defining the credit and the eligible claimants. Section 2 (b) would have limited eligibility to those businesses which were "primarily in the business of sales of property". Property would have been defined by reference to tangible personal property subject to sales tax. This limited the type of business which could have claimed the credit to those with a high percentage of sales which were taxable. Service oriented businesses would not have been eligible, nor would businesses which primarily sold non-taxable food, or those which sold primarily gasoline and other items.

Section 3 would have added new credit language to the statute.

Section 4 would have added resident estates and trusts to eligibility for the credit.

Section 5 would have allowed the same credit for corporate income tax filers.

Section 6 would have made the credit operative for the 2009 tax year.

Section 7 repealed amended sections.

**LB 138 (Avery, 2009) Provide an income tax credit for public school teachers - Indefinitely Postponed by Committee**

LB 138 would have provided a \$1,000 refundable income tax credit for each resident individual who was a full-time K-12 public school teacher beginning on or after January 1, 2009. Part-time K-12 public school teachers would have been allowed a credit equal to \$1,000 multiplied by the percentage representing the individual's portion of full-time employment.

**LB 282 (Mello, 2009) Adopt the Nebraska Advantage Film Production Incentive Act - Indefinitely Postponed by Committee**

LB 282 would have provided for a refundable income tax credit for up to 25 percent of documented film production costs incurred in Nebraska. For films with budgets of less than \$30 million: a 25 percent credit if 50 percent or more of the crew are residents; 15 percent credit if 25 percent to 50 percent are residents; and 10 percent credit if less than 25 percent are residents. For films with a budget of more than \$30 million, there would have been an income tax credit of 25 percent.

LB 282 would have further provided a cap of \$5 million annually for income tax credits approved by the Department of Revenue.

The bill would have created a Film Office within the Department of Economic Development.

**LB 303 (Nordquist, 2009) Exempt social security benefits from income tax - Indefinitely Postponed by Committee**

LB 303 would have exempted social security benefits from taxation in phases, beginning in tax year 2009. The amount initially exempt would have been \$30,000 if both spouses receive Social Security income, and \$15,000 for other filers. This amount increased in increments, reaching \$150,000 for couples and \$75,000 for other filers in tax year 2013.

**LB 309 (Schilz, 2009) Provide a capital gains exemption for sale of certain assets - Indefinitely Postponed by Committee**

LB 309 would have allowed a taxpayer to subtract any net long-term capital gain for the sale of real property held for 10 years to a beginning farmer or a small business person.

LB 309 amended Section 77-2716 and provided that for taxable years beginning January 2010 that federal adjusted gross income or, for corporations and fiduciaries, federal taxable income would have been reduced by any net long-term capital gain from the sale of real property used in a business in which the taxpayer had materially participated for 10 years, which had been held for 10 years, or from the sale of business assets, which business the taxpayer had owned for a minimum of 10 years, to a beginning farmer or small business person.

LB 309 defined beginning farmer differently than Section 77-5209 of the Beginning Farmer Act and increased the net worth ceiling from \$200,000 to \$500,000. The definition also removed references to the Beginning Farmer Board.

Small business person was defined as an individual, partnership, limited liability company, or corporation headquartered in Nebraska that would have employed fewer than 10 employees and that will do business in a municipality, county, unincorporated area within a county, or census tract in Nebraska that has a) an unemployment rate which exceeds the statewide average unemployment rate, b) a per capita income below the statewide average per capita income, or c) had a population decrease between the two most decennial censuses.

**LB 376 (Fulton, 2009) Provide an income tax credit for certain qualified residents caring for dependents as prescribed - Indefinitely Postponed by Committee**

A nonrefundable credit of \$500 would have been allowed to qualified resident individuals against the income tax if:

- the federal adjusted gross income did not exceed 500 percent of the federal poverty guidelines;
- the qualified resident individual cared for another person who was at least 65 years old, resided in the same principal place of abode as the taxpayer during the taxable year; had a physical, mental, or emotional condition lasting at least 180 days that made it difficult to dress, bathe, or get around inside the home, and whose federal adjusted gross income and whose federal adjusted gross income did not exceed 250 percent of the federal poverty guidelines.

A refundable credit of \$500 would have been allowed to qualified resident individuals against the income tax if:

- the federal adjusted gross income did not exceed 250 percent of the federal poverty guidelines;

- the qualified resident individual cared for another person who was at least 65 years old, resided in the same principal place of abode as the taxpayer during the taxable year; had a physical, mental, or emotional condition lasting at least 180 days that made it difficult to dress, bathe, or get around inside the home, and whose federal adjusted gross income and whose federal adjusted gross income did not exceed 250 percent of the federal poverty guidelines.

**LB 487 (Dubas, 2009) Adopt the volunteer Emergency Responders Incentive Act and provide an income tax credit - Indefinitely Postponed by Committee**

LB 487 would have created the Volunteer Emergency Responders Incentive Act.

Section 2 defined active emergency responder; active rescue squad member; active volunteer firefighter; standard criteria for qualified active service; and volunteer department.

Section 3 described the manner in which points may be earned. Points are earned against the standard criteria for qualified active service. Points are then available towards a refundable income tax credit.

Section 4 provided for the designation and duties of a certification administrator and directs the governing body of the city, village, or rural, or suburban fire protection district to approve and certify the list of those volunteers who have qualified as active emergency responders, active rescue squad members, or active volunteer firefighters by February 10 of the following calendar year.

Section 5 directed the city, village, or rural, or suburban fire protection district to file with the Department of Revenue a certified list of those volunteers who have qualified under the Act.

Section 6 amended Section 77-2715.07 and added a new section which would grant a refundable credit of \$500 for the tax year for which an individual qualifies as an active emergency responder, active rescue squad member, or active volunteer firefighter under the Volunteer Emergency Responders Incentive Act.

**LB 538 (Giese, 2009) Exempt government employee retirement benefits from income tax - Indefinitely Postponed by Committee**

LB 538 provided that federal adjusted income would have been reduced by the amount received as a retirement benefit from the retirement systems provided for in the Class IV School Employees Retirement Act, the County Employees Retirement Act, the Judges Retirement Act, the Nebraska State Patrol Retirement Act, the United States civil service retirement system, and the United States military retirement system.

## **EXCISE TAXES**

### **LB 89 (Cornett, 2009) Change tax calculations under the Tobacco Products Tax Act - Enacted**

LB 89 divides tobacco products into two categories: smoking tobacco (tobacco products intended primarily for smoking but not cigarettes) and tobacco products (tobacco items primarily intended for chewing). For tobacco products, LB 89 changes the method for imposing an excise tax from 20 percent of wholesale price to a tax set on weight at 65 cents per ounce.

LB 89 also amended various statutes to reflect the two categories. The bill amends certain reporting requirements to include net weight for tobacco products.

The Revenue Committee adopted AM 92 to LB 89. It deleted the definition of smoking tobacco thus repealing the two categories originally in the bill and replaced them with a definition of snuff. It also reduced the excise tax on snuff from 65 cents per ounce to 40 cents per ounce.

On Select File, AM 452 was adopted changing the excise tax from 40 cents per ounce to 44 cents per ounce.

### **LB 59 (Louden, 2009) Increase liquor taxes and adopt the Citizen Safety Grant Fund Program Act - Indefinitely Postponed by Committee**

LB 59 would have created the Citizen Safety Grant Fund Program Act, a program which would have provided grants to assist eligible organizations in addressing violent crimes.

Eligible organization meant the Nebraska State Patrol, a county sheriff's department, or a city police department.

LB 59 described a grant application process as conducted by the Nebraska Commission on Law Enforcement and Criminal Justice.

LB 59 created The Citizen Safety Grant Fund which would have consisted of money collected from an increase in taxes as follows: 5 cents per gallon on beer; 3 cents per gallon on wine not produced in farm wineries, and 7 cents per gallon on alcohol and spirits.

The bill also amended section 53-160 dealing with collection of alcohol, beer, wine and spirits taxes.

**LB 264 (Fischer, 2009) Change motor fuel tax calculations - Indefinitely Postponed by Committee**

LB 264 would have made a change in the wholesale price used in the current method for calculating certain motor fuel taxes in Nebraska. The current law provided for an average wholesale price calculation to be made in April and October of each year.

The bill would have provided for the wholesale price to be determined at \$2.44 per gallon on July 1, 2009. The price calculation would have been adjusted in October and April of each year thereafter to reflect current wholesale prices.

This wholesale price was used in the current law to calculate the motor fuel tax amount. The calculation of tax amount was five percent of the average wholesale price. The motor fuel tax amounts could not vary by more than one cent per gallon, whether decreasing or increasing. These calculation methods remained unchanged in the current law.

The Revenue Committee adopted AM918 that would have changed the wholesale price mechanism to use a different averaging time period. This would have had the impact of changing the amount of funds received by cities and counties.

**LB 466 (Wallman, 2009) Eliminate an excise tax on corn and grain sorghum - Indefinitely Postponed by Committee**

LB 466 would have amended section 61-218 and deleted language referencing ethanol check off funds directed to the Water Resources Cash Fund beginning January 1, 2013.

LB 466 added language directing \$10,000,000 be transferred each fiscal year from the General Fund to the Water Resources Cash Fund for FY 2012-13 through FY 2018-19.

## **PROPERTY TAX ADMINISTRATION**

### **LB 121 (Wightman, 2009) Provide for reassumption of property tax assessment functions by certain counties - Enacted**

LB 121 transfers administration of the property valuation duty back to counties which have been state administered property valuation counties for several years. There are nine counties which have state administered property valuation. Under LB 121, the transfer of responsibility back to the counties must be completed by June 1, 2012. Local county budget responsibility for counties which are currently state administered begins in 2010, with counties picking up 33 percent of the current state cost, and 66 percent of the state cost the following year. Upon reassuming the function in 2012, the state employees involved in the county valuation process shall become county employees. A budget lid and a levy limit exception are both provided for the counties which are required to assume the assessment function.

The bill also allows non-contiguous counties to join together in a partnership to administer the property assessment function through an inter-local agreement. This power currently exists in law, but is limited to contiguous counties.

The Revenue Committee amendment allows for an increase in the county budget lid for restricted funds for the counties affected.

Floor amendments AM928 and AM663 were adopted, changing the bill from the version advanced by the Revenue Committee. AM663 changed the bill to provide a four-year phase-in of the provisions, rather than the three-year phase-in, as advanced by the Committee. AM928 added language providing for transfer of accrued sick leave and vacation leave. State employees will be allowed to transfer their accumulated sick leave and vacation leave to the county at the same rate of use allowed by state employment agreements. AM928 also provided for transfer of health insurance coverage for employees. Other provisions transferred certain office equipment and other assets from the state to the county.

### **LB 121A - Enacted**

The bill provides funding for the provisions of LB 121 and authorizes the Property Assessment Division to receive funds to pay for continued enforcement of assessment law while the transition is made to county enforcement.

### **LB 218 (Cornett, 2009) Change, eliminate, and provide state aid to various political subdivisions - Enacted**

LB 218 eliminates three existing state programs which provide funds to county government. These are the jail cost reimbursement program, state aid to counties, and county property tax relief. A new state aid program is created to substitute for these three programs. The distribution of state funds to counties under the new aid program



will be based solely on the share of statewide taxable value found in each county, and aid distribution will be updated annually as this value changes. The amount of funds budgeted for this program could vary from \$10.5 million to over \$17 million.

Section 1. The new language in Section 1, page 15, would add the new aid program created by the bill to the local government budget lid provisions. The repealed aid programs are currently subject to this budget lid provision, and the language retains this policy.

Section 2. The stricken language on line 11, page 5, removes a requirement for prisoner reimbursement found in existing law.

Section 3. The language makes an addition of this program to a current list of those which may be withheld if a political subdivision fails to make loan payments to the state under the Safe Drinking Water Act.

Section 4. The deleted language and the addition of the word "may" repeal and make optional the funding of aid programs that originally provided for the amounts shown to be budgeted to counties, cities and natural resources districts. These funding amounts were passed and implemented when personal property exemptions were created by the Legislature.

Section 5. The language found on line 2, and line 23 of page 7, strike some references to the prior appropriation amounts found in Section 4 of the bill. The effect is to remove a commitment made to fund the Municipal Infrastructure Redevelopment Fund until the year 2008-2009, and then increase city aid funding by a prescribed amount thereafter.

Section 6. The amendatory language on line 10, page 8, alters the commitment to natural resources districts funding.

Section 7. This section creates a new county aid program which will provide a means for determining the minimum and maximum amount of state aid budgeted, and a method for distribution of the these funds.

The means for determining the amount of aid budgeted will be to multiply the statewide valuation of all counties times a minimum or maximum percentage figure found in the law. This range is .0075 of statewide value and up to .015 of statewide value.

The method of distributing the aid will be to divide this total calculated amount among the counties based on their share of the statewide valuation, after a minimum required distribution amount of \$30,000 is first made to each county.

Section 8 requires state aid from this new program and other sources to be taken into account in setting the tax levy for the year.

Section 9 allows state funds granted under the Wastewater Treatment Facilities Loan Fund to be recovered from this aid allotment.

Section 10 allows the Department of Administrative Services to withhold funds owed to the state by the county for care of patients in state institutions from the aid fund created by the act.

Section 11. The language on line 20, page 11, allows the Jail Standards Board and the Corrections Department to withhold jail cost reimbursement funds if standards are violated.

Section 12 makes the program operative for the 2009-2010 fiscal year.

Section 13 repeals amended sections.

Section 14 repeals other sections.

Section 15 establishes the Emergency Clause.

The Committee amended the bill with AM 712 which delayed the effective date to July 1, 2011.

**LB 218A - *Indefinitely Postponed (LB 218A became unnecessary after the delayed effective date was added to the bill.)***

**LB 26 (Friend, 2009) Change the priority of liens for special assessments - On General File**

LB 26 would allow special assessment liens made by a city to gain equal standing, for tax foreclosure purposes, with generally levied real estate taxes.

Section 1 amends Section 14-557 and would provide general municipal taxes upon real estate shall be a first lien and that special assessments regularly levied shall be a perpetual lien until paid. LB 26 amends current law to provide that such perpetual lien shall be in parity with the tax lien of general, state, county, city, village, municipal, or school taxes, and no sale of such property to enforce any general, state, county, city, village, municipal, or school tax or other liens shall extinguish the perpetual lien of such special assessment.

Section 2 amends Section 15-725 and would provide special tax assessments to pay the cost of local improvements (except for sidewalk purposes) shall be a lien on all property so specially benefited. Section 2 would also provide that this special assessment lien shall be in parity with the tax lien of general, state, county, city, village, municipal, or school taxes.

Section 3 amends Section 15-733 would provide that special taxes for paying the cost of certain repairs due to refusal or neglect of street railway companies shall be a lien upon the property of such company and such lien shall be in parity with the general, state, county, city, village, municipal, or school taxes.

Section 4 amends Section 15-735 regarding special sidewalk assessments and would provide the lien shall be in parity with the general, state, county, city, village, municipal, or school taxes.

Section 5 amends Section 15-821 and would provide similar parity for special assessments on real estate.

Section 6 amends Section 15-822 and would provide when a reassessment takes place regarding special assessments that such assessment as a lien upon the property shall be in parity with the general, state, county, city, village, municipal, or school taxes.

Section 7 amends Section 16-708.01 and would provide that whenever a city of the first class lawfully re-annexes territory which it had formerly annexed but which annexation was illegal because the statutes were unconstitutional, and assesses or reassesses a new assessment, this assessment shall constitute a lien upon the property. The lien shall be in parity with the general, state, county, city, village, municipal, or school taxes.

Section 8 amends Section 77-208 would provide that property tax liens shall take priority over all encumbrances and liens except for special assessment perpetual liens shall have parity as well as cities and villages' special assessment liens shall have parity with tax liens of general, state, county, city, village, municipal, or school taxes.

Section 9 amends Section 77-209 and would remove priority of the first lien for general taxes.

Section 10 amends Section 77-1322 to extend parity of liens to home rule charter cities.

Section 11 amends Section 77-1917.01 and would provide that city and village special assessment liens shall have parity, but sanitary improvement districts special assessments liens shall remain inferior to general taxes levied by the state and its political subdivisions.

The committee amended LB 26 with AM 187 by specifying that the special assessments referenced are those which are levied between the date of the tax sale through the date the tax certificate owner files the foreclosure action.

**LB 380 (Rogert, 2009) Change a state aid program relating to Indian reservations - Indefinitely Postponed by Committee**

LB 380 would have altered an existing state aid to counties program. The existing law funds law enforcement and jail operations in a county containing an Indian reservation. The changes in LB 380 would have resulted in a formula for aid to such counties. The formula would have provided an amount equal to \$3.70 per acre of reservation land held in trust. The program would have been available in a county containing over 50,000 acres of such land. The fund would have been administered by the Department of Administrative Services. An annual audit report would have been required under the amended law.

**LB 469 (Karpisek, 2009) Create the Agricultural Land Valuation Task Force - Indefinitely Postponed by Committee**

LB 469 would have authorized the Legislature to create a task force to examine an alternate method of valuing agricultural land. The Executive Board would have appointed the members of the task force. The Property Tax Administrator of the Department of Revenue would have served as the Chairperson. A budget of \$50,000 was envisioned for expenses of task force members and research assistance from the University. The task force would have been required to report back to the Legislature in the spring of 2010. The task force would have ceased to exist on January 1, 2011.

**LB 474 (Stuthman, 2009) Change provisions relating to property exempt from property taxes - Indefinitely Postponed by Committee**

LB 474 would have altered current statutory language on governmental property and its tax exempt status. The change would have made publicly owned property leased to a private party tax exempt only if the lessee was carrying out a public purpose.

## **HOMESTEAD EXEMPTIONS**

### **LB 94 (Howard, 2009) Authorize late homestead exemption applications for medical reasons - Enacted**

LB 94 amends current law to provide that a claimant and/or owner may file a late application if documentation is included of a medical condition which impaired the claimant and/or owner's ability to file the application in a timely manner.

The committee amended LB 94 with AM555 to clarify and define medical condition, necessary documentation, applicable grace period and authorization for the county assessor to accept or reject the application.

The amendment defines medical condition and includes language aimed at dealing with the kind of medical condition that would disrupt the life of a potential applicant in such a way as to impair their ability to file an application during the statutorily mandated time frame of February 1 to June 30.

Furthermore, such application shall only be for the current tax year. The application shall include a certification of the taxpayer's condition from a physician, physician assistant, or advanced practice registered nurse on a form prescribed by the Department of Revenue. Finally, the county assessor shall approve or reject the application within 30 days of receipt. The application may only be rejected for reasons of not conforming to the law and such rejection is appealable to the county board of equalization.

### **LB 302 (Campbell, 2009) Change provisions relating to transfer of a homestead exemption - Enacted**

Section 1 amends Section 77-3509.01 by deleting references to transfer of ownership thus allowing an owner of a homestead which has been granted an exemption to become the owner of another home and to make application for the transfer of the exemption.

Section 2 amends Section 77-3509.02 by providing that upon approval of application for the exemption, the exemption shall be disallowed for such year as applied to the original homestead if the exemption was granted on the status of such owner.

### **LB 239 (Lathrop, 2009) Provide a homestead property tax exemption for certain disabled veterans - Indefinitely Postponed by Committee**

LB 239 would have authorized a property tax homestead exemption for a partially disabled veteran which was equal to the percentage of disability the veteran is determined to have by using federal standards. The disability must be service connected. The exemption was also available to the un-remarried widow of the veteran.

Under current law for the homestead program, only a 100 percent disabled veteran may receive a benefit.

Many sections were modified to reflect that this new percentage based exemption was available. These sections applied the current income and house valuation limits and provided a phased-out and partial exemption amount.

**LB 634 (Mello, 2009) Redefine household income for homestead exemption purposes - *Indefinitely Postponed by Committee***

LB 634 would have eliminated references to Social Security income and railroad retirement benefits in determining eligibility for homestead exemptions for the elderly.

## **PROPERTY TAX - OTHER**

### **LB 13 (White, 2009) Change and rename the Property Tax Credit Act - Held in Committee**

LB 13 would create a homestead exemption of \$13,000 of exempt value for every taxpayer with a homestead. A homestead is defined under Section 77-3509 of state law. Taxpayers would be required to file for the homestead exemption treatment in the first year of implementation of the law. In subsequent years, homestead treatment is to continue without reapplication. A current property tax credit provision which is funded at \$115 million is repealed for tax year 2009 and 2010. The homestead provision of the new law becomes effective for those years. This has the effect of repealing a property tax credit for all types of real property and substituting a homeowner exemption. Owners of residential real estate that is rented would be denied a credit, as would owners of all other forms of real property.

### **LB 270 (Harr, 2009) Change and rename the Property Tax Credit Act - Indefinitely Postponed by Committee**

LB 270 would create a homestead exemption of \$15,000 of value for every taxpayer with a homestead. A homestead is defined under Section 77-3509 of state law. Taxpayers would be required to file for the homestead exemption treatment in the first year of implementation of the law. In subsequent years, homestead treatment is to continue without reapplication. A current property tax credit provision which is funded at \$115 million is repealed for tax year 2009 and 2010. The homestead provision of the new law becomes effective for those years. This has the effect of repealing a property tax credit for all types of real property and substituting a homeowner exemption for residential property. Owners of residential real estate that is rented would be denied a credit, as would owners of all other forms of real property.

LB 270 repeals language authorizing a property tax credit found in Section 77-4212 of Nebraska law.

### **LB 271 (Haar, 2009) Adopt the Car Tax Reduction Act - Indefinitely Postponed by Committee**

LB 271 would have adopted the Car Tax Reduction Act.

Section 2 stated the purpose of the Car Tax Reduction Act was to reduce the motor vehicle tax on passenger cars and trucks registered for three tons or less. The tax relief was to be distributed to owners of cars and trucks as a motor vehicle tax credit that would have been reimbursed to local governments from excess revenue collected by the state and appropriated for such purpose.

Section 3 would have created the Car Tax Reduction Cash Fund to be used only pursuant to the Act. A sub-fund was created within the fund for each year that the

Legislature made a car tax reduction appropriation. If there was money in the fund available for investment, it would have been invested pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Act. Furthermore, any amounts in a sub-fund for a particular year may have been re-appropriated to a sub-fund for a later year after all obligations of that sub-fund for the prior year had been met.

Section 4 provided that \$50 million be available for the Act in 2010. After 2010, the Act would have been funded using available excess revenue. The Director shall estimate the amount of taxes to be levied on all cars and trucks in order to determine the amount of the credit. The Director was then to divide the money in the sub-fund by this estimate and the result is the percentage of credit for cars and trucks during the following year. The director certified the percentage of credit by October 15.

In order to determine the amount of credit allowed for any car or truck, the county treasurer or designated county official, shall multiply the percentage of credit certified by the motor vehicle tax otherwise due. The amount of the credit shall be shown on the tax notice with the statement, "State-funded credit under the Car Tax Reduction Act."

The county treasurer shall total the amount of credits allowed on registrations each month and certify the amount to the State Treasurer by the 10<sup>th</sup> of the following month. The State Treasurer shall reimburse 100 percent of the certified credits from the appropriate sub-fund of the Car Tax Reduction Fund by the 25<sup>th</sup> of that month.

Section 5 changed the duties of the county treasurer regarding the motor vehicle tax to harmonize and account for money received to reimburse the credit.

Section 6 amended section 79-1018.01 to include state reimbursement of the credit as an accountable receipt for school aid purposes.

**LB 670 (Pirsch, 2009) Change funding for the Property Tax Credit Act - Indefinitely Postponed by Committee**

LB 670 would have changed income tax brackets, and increased the bracket amounts subject to the rates found in each of Nebraska's current brackets. These provisions would have been in force beginning in the 2009 income tax year.

A second set of provisions would have increased the funding for Nebraska's current property tax credit from \$115 million to \$215 million for tax year 2009.

**LB 681 (Flood, 2009) Provide for refund of unconstitutional taxes, assessments, and penalties - Indefinitely Postponed by Committee**

LB 681 would have enacted a mechanism providing for the automatic refund of real or personal property taxes, occupation taxes, or assessments that have been declared unconstitutional by final court judgment or order. The refund would have been due for the year the tax or assessment was declared unconstitutional and prior years, beginning with the year the action challenging the constitutionality was commenced. The refund



was to be made to the person paying the tax without the need for filing a claim for refund. If the tax or assessment declared unconstitutional was applicable throughout the state or beyond the geographic boundaries of the court making the declaration of unconstitutionality, the final judgment or order must have been entered by the Nebraska Supreme Court. The remedy provided was supplementary to the refund mechanism to recover illegal taxes provided under Neb. Rev. Stat. Section 77-1735 (Cum. Supp. 2008). Refunds would have been made in the manner prescribed in Neb. Rev. Stat. Section 77-1736.06 (Cum. Supp. 2008).

## **TAX EQUALIZATION AND REVIEW COMMISSION**

### **LB 212 (Cornett, 2009) Authorize single commissioner hearings before the Tax Equalization and Review Commission - Held in Committee**

LB 212 would authorize the Tax Equalization and Review Commission to hear certain real property valuation appeals with a single commissioner. This bill limits the appeals which may be heard by a single commissioner to certain residential properties valued under \$1,000,000, limits the record made of the hearing, and would allow parties to an appeal designated for this process to opt out. Decisions made by a single commissioner are final unless a request for rehearing is made within thirty days of the decision. Any order entered by a single commissioner may be appealed to the commission for rehearing by the full commission or a panel of the commission.

LB 212 also allows the county board of equalization to designate the county assessor as an ex officio member of the county board of equalization to appear at a single commissioner hearing and allows the county assessor to designate someone to appear in his or her place.

### **LB 213 (Cornett, 2009) Change Tax Equalization and Review Commission provisions - Held in Committee (AM1272 adopted)**

LB 213 is the annual bill brought to the Committee by the Tax Equalization and Review Commission to clarify and improve the property valuation appeal process.

Section 3 would set a time frame of 30 days after the date of an order for applications for a rehearing of matters heard before a panel of commissioners. The bill specifies that a rehearing may not be granted for an order dismissing an appeal or petition for failure of the appellant or petitioner to appear at a hearing.

Section 4 increases the filing fee for each appeal or petition from \$25 to \$50.

Section 5 harmonizes provisions relating to exempt property deemed to be taxable with provisions relating to omitted property.

Section 6 repeals a reference to "recapture value".

Section 7 sets forth notice requirements pertaining to county petitions to adjust the value of a class or subclass and such notice shall state that such petition shall be heard between July 26 and August 10 at a date, time and place as provided in the agenda maintained by the commission.

Section 8 creates language to allow interested persons to become parties to matters before the commission.

**LB 418 (Price, 2009) Require valuation changes by the Tax Equalization and Review Commission among counties which have learning communities - Held in Committee**

LB 418 would require the Tax Equalization and Review Commission to adjust and equalize levels of value in counties containing a learning community school district to the same level of value. The power to equalize classes or subclasses of property for each county is an existing power of the Tax Equalization Review Commission.

**LB 553 (White, 2009) Change certain property tax valuation protest procedures - Held in Committee**

LB 553 would change real property valuation protest procedures in counties with more than 100,000 inhabitants.

Section 1 would change the deadline for hearing protests for nonresidential real property only from July 25 to August 10.

Section 2 applies only to protests for residential real property in a county with a population of more than 100,000 inhabitants. Protests are to be filed by June 30.

The Department of Revenue would be required to establish an online, electronic filing procedure. The county assessor would be required to provide the following information to the protester in paper or electronic form: (a) the methods used by the county assessor to value the property; (b) a detailed property description of the property; and (c) a list of comparable properties used in a comparable sales analysis of the property.

Each protest will be assigned to a credentialed real property appraiser who is employed by the Department of Revenue. Section 2 sets forth the requirements of the report as well as provides that only the report is required for an appeal (referred to as section 2 appeals) to TERC.

Section 3 amends section 77-1507 and harmonizes this appeal process with omitted property appeals.

Section 4 adds these types of appeals to those available for direct appeals to TERC if a failure to give notice prevented timely appeal.

LB 553 amends section 77-5007 to include section 2 appeals as being within the power and duty of TERC to hear. The filing fee for section 2 appeals would be increased from \$25 to \$100.

**LB 580 (Cornett, 2009) Change the standard of review by the Tax Equalization and Review Commission - Held in Committee**

LB 580 would change the standard of review by the Tax Equalization and Review Commission and provide that an order, decision, determination, or action determining taxable value is unreasonable or arbitrary if a different taxable value is proven by a preponderance of the evidence. Currently, the county board decision is to be affirmed unless there is evidence adduced that the decision was unreasonable or arbitrary. Case law has established that "unreasonable or arbitrary" means without basis.

## **INHERITANCE TAX**

### **LB 120 (Wightman, 2009) Change inheritance tax provisions - Enacted**

LB 120 provides that no inheritance tax penalty shall apply if a petition or application for probate proceedings is filed within 12 months of the decedent's death or the filing of a tentative tax application and the tentative tax is paid within 12 months of the decedent's death.

LB 120 also adds language clarifying that inheritance tax deductions are allowed for the taking possession or control of estate assets and the management, protection, and preservation of estate assets, including but not limited to, expenses related to the sale of estate assets, but not expenses related to the day-to-day operation and continuation of business interests which have not accrued as a result of the death of the decedent.

### **LB 119 - (Wightman, 2009) Change inheritance tax provisions - Indefinitely Postponed by Committee**

Section 1 would have decreased the inheritance tax rate for certain persons from thirteen percent to ten percent for property received in excess of \$15,000.

Section 2 provided that the change made in the bill applies to all property which passed from a decedent dying on or after January 1, 2009.

## **LOCAL BUDGET AND LEVY LIMITATIONS**

### **LB 294 (Campbell, 2009) Change the length of time for county building levies - Enacted**

LB 294 amends existing provisions of county government statutes which control county spending on capital improvement projects. Under current law, counties may levy additional taxes for building projects without passing a voter approved bond. The dollar amount of taxes levied for such projects is limited by the current law, and remains limited. The number of years which the county may seek to levy this additional tax is extended from ten to twenty under the new law.

### **LB 210 (Langemeier, 2009) Change provisions relating to aid to natural resources districts - On General File**

LB 210 would change an existing state aid formula for natural resources districts. Under current law, each district's share of state aid is determined by calculating the district's share of total property taxes levied statewide by all districts. The bill would separate taxes levied into non-bond and bond taxes, and use only the non-bond share to determine the share of state aid.

The bill has an operative date of January 12, 2010. This bill would not affect the 2009 distribution of aid.

### **LB 308 (Heidemann, 2009) Change levy provisions for rural and suburban fire protection districts - Held in Committee**

LB 308 would amend levy limit statutes which apply to fire districts. The bill would remove the authority of the county board to allocate or control the property tax request and property tax levy of fire districts. Current limits of 10 1/2 cents per \$100 of value would continue to apply to these fire district levies.

### **LB 480 (Dierks, 2009) Change budget limit and tax levy limitation provisions - Indefinitely Postponed by Committee**

LB 480 would have altered budget limitations to allow higher rates of budget growth than currently provided for by local government budget limits.

Provisions added to the current law allow local governments to add allowable growth from new construction and annexations of any amount determined to have occurred. Under current law, only growth amounts which are greater than the base limitation amounts are allowed as additions. Under current law, percentage growth in excess of 2.5 percent would have to occur in order to be added to the growth percentage

allowable, and the percentage allowable would be only that percentage in excess of 2.5 percent.

An additional budget lid growth exception would have been allowed under the current capital improvements exceptions. The added language would have allowed budget growth over the current allowable amount for acquisition and replacement of tangible personal property with a useful life of five years or more. A levy exception was also provided for capital improvement expenditures as redefined by the bill. The budget lid and levy exceptions would have applied to all local governments. (Note: Schools have different budget growth allowances which are defined in other provisions of state law.)

Another budget lid growth allowance would have been provided for additional growth for drug prevention and drug enforcement costs in excess of the prior fiscal year. A levy limit exception was also provided for this increased expenditure allowance under the bill.

**LB 521 (Pankonin, 2009) Provide additional tax levy authority for learning communities - Indefinitely Postponed by Committee**

LB 521 would have altered the levy powers of learning communities by adding general fund levy authority of one fourth of one cent. Changes in existing law governing educational service unit core services funds were also proposed. These changes would have affected educational service units containing a learning community.

## **ECONOMIC DEVELOPMENT INCENTIVES**

### **LB 447 (Schilz, 2009) Change a beginning farmer or rancher qualification under the Beginning Farmer Tax Credit Act - Enacted**

LB 447 changes a provision of the Beginning Farmer Act. The change allows net worth guidelines used in the Beginning Farmer Act to be indexed to change each year. The index used to indicate a change in the index will be the Producer Price Index for all commodities published by the United States Department of Labor. The resulting change will be rounded to the next lowest \$25,000 amount.

### **LB 531 (Sullivan, 2009) Redefine a term under the Nebraska Advantage Microenterprise Tax Credit Act - Enacted**

LB 531 changes the definition of micro-business to include a farm or livestock operation where the person actively engaged in the operation of the micro-business has a net worth of not more than \$500,000, including any holdings by a spouse or dependent, based on farm market value. Current law limits the net worth requirement to \$200,000.

### **LB 555 (White, 2009) Change provisions relating to a research tax credit - Enacted**

LB 555 amends the Nebraska Research and Development Act by increasing the research tax credit from 15 percent to 30 percent of the federal credit.

LB 555 also adds a new section providing a 35 percent research tax credit for any business or firm which makes expenditures in research and experimental activities on the campus of a Nebraska college or university or at a facility owned by a Nebraska college or university in this state. This credit will be allowed for the first tax year it is claimed and for the four years immediately following.

The committee adopted AM367 which strikes an increase of the research tax credit allowed under the Nebraska Advantage Research and Development Act from 15 to 30 percent and returns it to the 15 percent that is in current law and deletes language which would have provided a 35 percent research tax credit for any business or firm which made expenditures in research and experimental activities on the campus of a Nebraska college or university or at a facility owned by a Nebraska college or university in this state.



**LB 419 (Hadley, 2009) Eliminate limits on tax credits under the Nebraska Advantage Microenterprise Tax Credit Act - Held in Committee**

LB 419 would repeal the sunset provision of December, 2010 and remove the \$2 million annual cap on tax credits for the Nebraska Advantage Micro-enterprise Tax Credit Act.

**LB 559 (Gloor, 2009) Change the Convention Center Facility Financing Assistance Act - Held in Committee**

LB 559 would expand the reach of the Convention Center Facility Financing Assistance Act. Under the bill, cities of the first class could extend the zone for capturing state sales revenues from hotels to finance facilities under the Act. The current zone for diverting state sales tax to convention facilities is within 450 yards of a facility. The expansion would allow diverting state sales tax from a four square mile area (one mile in any direction from a facility). This expands the zone by a factor of 15 times the current law.

A change is also made in the current law as to length of use of the financing. The length of state assistance under the revised language will be determined by a local agreement filed with the state board which oversees the financial assistance. Currently, the state assistance is limited to the term of the original bonds or refunding of the original bonds.

**LB 615 (Cornett, 2009) Adopt the Family Entertainment and Sports Attraction Act and rename the municipal infrastructure Redevelopment Fund Act and authorize a county sales tax - Held in Committee**

LB 615 would create the Family Entertainment and Sports Attraction Act. Sections 1 to 11 of the bill describe the terms of the Act. The Act would allow state and local sales tax dollars collected by retailers in a defined area to be used to finance entertainment attractions built in that geographic area. Bonds may be issued to finance the projects. The taxes may be diverted from state and local use for the life of the bonds or 25 years, whichever is less. Counties may impose local option sales taxes under the bill, limited to areas outside cities and inside a family entertainment and sports attraction district created under the Act.

Other provisions of LB 615 would add counties to the list of eligible recipients of the Municipal Infrastructure Redevelopment Fund. The bill would also increase the cigarette tax funds available to this program by \$2 million.

A third major provision would allow certain counties to create and use community building districts. These districts may levy property taxes to fund community buildings. Community buildings may be built to meet social, athletic and recreational purposes. Only a substantially urbanized county may use this power. The definition used appears to fit only one Nebraska county (Sarpy). Community building districts may be formed by the owners of property within the proposed district.

**LB 95 (Howard, 2009) Prohibit violators of immigration laws from receiving certain tax incentives - Indefinitely Postponed by Committee**

LB 95 would have amended the Nebraska Advantage Act to require a certification of employees' United States employment and residency status. Tax credits may have been disallowed or recaptured for employers knowingly employing aliens unauthorized to work in the United States. The provisions would have been applicable to applications for incentives filed after the date of the act.

**LB 171 (Nantkes, 2009) Change a research tax credit - Indefinitely Postponed by Committee**

LB 171 would have amended the Nebraska Advantage Research and Development Act and would have increased the income tax credit from 15 percent to 30 percent of the federal credit allowed.

**LB 613 (Dierks, 2009) Eliminate a restriction on base-year employees for certain tax incentive laws - Indefinitely Postponed by Committee**

For purposes of the Employment and Investment Growth Act, Quality Jobs Act, Rural Economic Opportunities Act, Invest Nebraska Act, and the Nebraska Advantage Act, LB 613 would have eliminated the requirement that all employees of the acquired business are considered base-year employees.

**LB 616 (Cornett, 2009) Rename and change provisions of the Municipal Infrastructure Redevelopment Fund Act - Indefinitely Postponed by Committee**

LB 616 would have expanded the Municipal Infrastructure Redevelopment Fund Act to include counties. It also added recreational and sports facilities to the list of eligible uses of this fund. Two million dollars of increased funding would have been made available to this fund.

**LB 617 (Cornett, 2009) Change provisions relating to county community buildings - Indefinitely Postponed by Committee**

LB 617 would have allowed for the use of community building districts in certain counties. These districts may have been formed by landowners. The districts may have levied a property tax of up to 1.7 cents per \$100 of value. The bill would have authorized such building districts to impose a sales tax outside the limits of cities if the county the district was in had not imposed a sales tax. The sales tax imposed would have needed the authorization of the county board in the county where the district was formed. The sales tax may have been used for acquisition or construction of county

buildings for housing county enterprises, in addition to athletic and recreational facilities. The districts may have issued bonds.

**LB 618 (Cornett, 2009) Adopt the Family Entertainment and Sports Attraction Act - Indefinitely Postponed by Committee**

LB 618 would have created the Family Entertainment and Sports Attraction Act. Sections 1 to 11 of the bill described the terms of the act. The act would have allowed state and local sales tax dollars collected by retailers in a defined area to be used to finance entertainment attractions built in that geographic area. Bonds may have been issued to finance the projects. The taxes may have been diverted from state and local use for the life of the bonds or 25 years, whichever was less. Counties may have imposed local options sales taxes under the bill, limited to areas outside cities and inside a family entertainment and sports attraction district created under the Act.

**LB 640 (Schilz, 2009) Provide a local option on refundability of sales tax under tax incentive laws - Indefinitely Postponed by Committee**

LB 640 would have allowed cities to opt out of sales tax refunds granted to qualifying businesses under the Nebraska Advantage Act. This change in law would have been applicable to all future applications under the Act. Cities would have had to pass a resolution disallowing refunds or such refunds would have continued to be made.

**LB 335 (Friend, 2009) Require electronic employee verification for certain tax incentives - Indefinitely Postponed on Floor (Amended into LB 403, Committee Amendment 413)**

For purposes of the Nebraska Advantage Rural Development Act; the Nebraska Advantage Act; the Nebraska Advantage Research and Development Act; and the Nebraska Advantage Microenterprise Tax Credit Act, the Tax Commissioner would have been prohibited from approving or granting to any person any tax incentive unless the taxpayer provides evidence satisfactory to the Tax Commissioner that the taxpayer electronically verified the legal presence of all employees employed in Nebraska.

LB 335 would have further provided that for purposes of calculating any tax incentives, the Tax Commissioner shall exclude hours worked and compensation paid to an employee that does not have legal presence in Nebraska. The bill would not have applied to any application filed under the act prior to the effective date of this act.

**Committee on Revenue**  
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LB/LR	INTRODUCER/ TITLE	HEARING DATE	COMMITTEE DISPOSITION	DISPOSITION AT SINE DIE
LB 9	Wightman/ Exempt biofuels used for irrigation and farming purposes from sales tax	3/04/09	Amended/ General File	Enacted
LB 13	White/ Change and rename the Property Tax Credit Act	2/20/09		Held in Committee
LB 26	Friend/ Change the priority of liens for special assessments	1/28/09	Amended/ General File	On General File
LB 44	Flood/ Correct a definition and eliminate obsolete statutory references in revenue provisions	1/23/09	General File	On Select File
LB 45	Flood/ Eliminate references to a fund that terminated	1/23/09	General File	On Select File
LB 57	Louden/ Exempt repairs and parts for agricultural machinery or equipment from sales and use taxes	3/04/09		Held in Committee
LB 58	Louden/ Exempt heating oil or propane used for residential heating purposes from sales and use taxes	3/05/09		Held in Committee
LB 59	Louden/ Increase liquor taxes and adopt the Citizen Safety Grant Fund Program Act	2/27/09	Indefinitely Postponed	Indefinitely Postponed
LB 65	Dubas/ Exempt agricultural machinery repair parts from sales tax	3/04/09		Held in Committee
LB 67	Friend/ Adopt the Elementary and secondary Education Opportunity Act	2/27/09		Held in Committee
LB 69	Cornett/ Exclude military retirement benefits from income taxation as prescribed	2/04/09		Held in Committee

LB/LR	INTRODUCER/ TITLE	HEARING DATE	COMMITTEE DISPOSITION	DISPOSITION AT SINE DIE
LB 70	Cornett/ Exclude military retirement benefits from income taxation as prescribed	2/04/09		Held in Committee
LB 77	Gay/ Change provisions relating to income tax credits and long-term care insurance	1/30/09	Indefinitely Postponed	Indefinitely Postponed
LB 89	Cornett/ Change tax calculations under the Tobacco Products Tax Act	1/22/09	Amended/ General File	Enacted
LB 94	Howard/ Authorize late homestead exemption applications for medical reasons	1/29/09	Amended/ General File	Enacted
LB 95	Howard/ Prohibit violators of immigration laws from receiving certain tax incentives	2/06/09	Indefinitely Postponed	Indefinitely Postponed
LB 112	Heidemann/ Exclude certain rural health loan repayments from income taxation	2/12/09	General File	On Final Reading
LB 117	Fischer/ Authorize an income tax credit for certain retail business taxpayers	2/05/09	Indefinitely Postponed	Indefinitely Postponed
LB 119	Wightman/ Change inheritance tax provisions	1/22/09	Indefinitely Postponed	Indefinitely Postponed
LB 120	Wightman/ Change inheritance tax provisions	1/22/09	General File	Enacted
LB 121	Wightman/ Provide for reassumption of property tax assessment functions by certain counties	2/18/09	Amended/ General File	Enacted
LB 127	Avery/ Exempt college textbooks and school expenses from sales tax as prescribed	3/11/09	Indefinitely Postponed	Indefinitely Postponed
LB 138	Avery/ Provide an income tax credit for public school teachers	2/25/09	Indefinitely Postponed	Indefinitely Postponed
LB 159	Gay/ Provide an income tax credit for long-term care insurance policy premiums	1/30/09	General File	On Final Reading

LB/LR	INTRODUCER/ TITLE	HEARING DATE	COMMITTEE DISPOSITION	DISPOSITION AT SINE DIE
LB 161	Pahls/ Adopt the Business Provided Sales Tax Holiday Act	3/11/09	Indefinitely Postponed	Indefinitely Postponed
LB 162	Cornett/ Change provisions relating to contractor registration and income tax withholding	2/06/09	Amended/ General File	Enacted
LB 164	Cornett/ Change provisions relating to tax incentive programs <b>Revenue Committee Priority - #1</b>	1/21/09	Amended/ General File	Enacted
LB 165	Cornett/ Change revenue laws	1/21/09	Amended/ General File	Enacted
LB 166	Cornett/ Change provisions relating to property tax	1/21/09	Amended/ General File	Enacted
LB 171	Nantkes/ Change a research tax credit	2/18/09	Indefinitely Postponed	Indefinitely Postponed
LB 186	Karpisek/ Change sales and use tax collection fees	3/18/09	Indefinitely Postponed	Indefinitely Postponed
LB 210	Langemeier/ Change provisions relating to aid to natural resources districts	3/12/09	General File 3/18/09	On General File
LB 212	Cornett/ Authorize single commissioner hearings before the Tax Equalization and Review Commission	2/26/09		Held in Committee
LB 213	Cornett/ Change Tax Equalization and Review Commission provisions <b>Revenue Committee Priority - #2</b>	2/26/09	AM1272 adopted/held	AM1272 adopted, Held in Committee
LB 218	Cornett/ Change, eliminate, and provide state aid to various political subdivisions	1/28/09	Amended/ General File	Enacted
LB 233	Adams/ Exempt mineral oil to be applied to grain as a dust suppressant from sales and use taxes	3/04/09	General File	Indefinitely Postponed on Floor (amended into LB 9, AM1217)
LB 234	Adams/ Change a sales and use tax exemption relating to fuel and energy	3/05/09	General File	On General File

LB/LR	INTRODUCER/ TITLE	HEARING DATE	COMMITTEE DISPOSITION	DISPOSITION AT SINE DIE
LB 239	Lathrop/ Provide a homestead property tax exemption for certain disabled veterans	1/29/09	Indefinitely Postponed	Indefinitely Postponed
LB 248	Dubas/ Change income tax credit provisions	2/04/09		Held in Committee
LB 249	Fulton/ Change sales tax collection fees	3/18/09	Indefinitely Postponed	Indefinitely Postponed
LB 251	Cornett/ Update references to the Internal Revenue Code	1/23/09	General File	Enacted
LB 264	Fischer/ Change motor fuel tax calculations	2/25/09	Indefinitely Postponed	Indefinitely Postponed
LB 270	Haar/ Create a homestead property tax exemption	2/20/09	Indefinitely Postponed	Indefinitely Postponed
LB 271	Haar/ Adopt the Car Tax Reduction Tax	2/20/09	Indefinitely Postponed	Indefinitely Postponed
LB 282	Mello/ Adopt the Nebraska Advantage Film Production Incentive Act	2/05/09	Indefinitely Postponed	Indefinitely Postponed
LB 294	Campbell/ Change the length of time for county building levies	3/25/09	General File	Enacted
LB 296	Dubas/ Change a reciprocal sales and use tax exemption	3/11/09	Indefinitely Postponed	Indefinitely Postponed
LB 302	Campbell/ Change provisions relating to transfer of a homestead exemption	1/29/09	General File	Enacted
LB 303	Nordquist/ Exempt social security benefits from income tax	2/04/09	Indefinitely Postponed	Indefinitely Postponed
LB 308	Heidemann/ Change levy provisions for rural and suburban fire protection districts	3/25/09		Held in Committee
LB 309	Schilz/ Provide a capital gains exemption for sale of certain assets	2/05/09	Indefinitely Postponed	Indefinitely Postponed

LB/LR	INTRODUCER/ TITLE	HEARING DATE	COMMITTEE DISPOSITION	DISPOSITION AT SINE DIE
LB 335	Friend/ Require electronic employee verification for certain tax incentives	2/06/09	General File	Indefinitely Postponed on Floor (amended into LB 403, AM413)
LB 336	Friend/ Exempt municipal water from sales tax	3/12/09	Indefinitely Postponed	Indefinitely Postponed
LB 357	Hadley/ Change the cigarette tax collection commission	2/27/09	Amended/ General File	On General File
LB 376	Fulton/ Provide an income tax credit for certain qualified residents caring for dependents as prescribed	2/05/09	Indefinitely Postponed	Indefinitely Postponed
LB 380	Rogert/ Change a state aid program relating to Indian reservations	3/25/09	Indefinitely Postponed	Indefinitely Postponed
LB 385	Pahls/ Terminate sales tax provisions	3/20/09	Indefinitely Postponed	Indefinitely Postponed
LB 386	Pahls/ Change and suspend sales tax exemptions, change collection fees, change tax rates, and state intent relating to prop. tax relief	3/20/09	Indefinitely Postponed	Indefinitely Postponed
LB 405	Cornett/ Change income tax provisions related to planned gifts	1/30/09	Amended/ General File	On General File
LB 418	Price/ Require valuation changes by the Tax Equalization and Review Commission among counties which have learning communities	3/26/09		Held in Committee
LB 419	Hadley/ Eliminate limits on tax credits under the NE Advantage Microenterprise Tax Credit Act	2/11/09		Held in Committee
LB 420	Hadley/ Change a sales tax exemption relating to nonprofit organizations	2/19/09	Amended/ General File	On Final Reading
LB 421	Nordquist/ Suspend collection of fuel tax on compressed natural gas for a prescribed period	2/25/09	Amended/ General File	On General File



LB/LR	INTRODUCER/ TITLE	HEARING DATE	COMMITTEE DISPOSITION	DISPOSITION AT SINE DIE
LB 447	Schilz/ Change a beginning farmer or rancher qualification under the Beginning Farmer Tax Credit Act	2/27/09	General File	Enacted
LB 455	Nordquist/ Provide renewable energy sales and use tax credit and exemption for eligible entities	3/05/09	Adopted AM850, Held	Held in Committee
LB 460	Friend/ Change a sales tax exemption for nonprofit hospitals	2/19/09	Indefinitely Postponed	Indefinitely Postponed
LB 466	Wallman/ Eliminate an excise tax on corn and grain sorghum	3/12/09	Indefinitely Postponed	Indefinitely Postponed
LB 469	Karpisek/ Create the Agricultural Land Valuation Task Force	3/26/09	Indefinitely Postponed	Indefinitely Postponed
LB 474	Stuthman/ Change provisions relating to property exempt from property taxes	3/25/09	Indefinitely Postponed	Indefinitely Postponed
LB 480	Dierks/ Change budget limit and tax levy limitation provisions	2/19/09	Indefinitely Postponed	Indefinitely Postponed
LB 485	Cornett/ Exempt natural gas from sales tax and impose an excise tax on natural gas	2/19/09	Indefinitely Postponed	Indefinitely Postponed
LB 487	Dubas/ Adopt the volunteer Emergency Responders Incentive Act and provide an income tax credit	2/12/09	Indefinitely Postponed	Indefinitely Postponed
LB 520	Hadley/ Provide for an income tax credit for perpetual conservation easement donations	2/06/09		Held in Committee
LB 521	Pankonin/ Provide additional tax levy authority for learning communities	3/26/09	Indefinitely Postponed	Indefinitely Postponed
LB 531	Sullivan/ Redefine a term under the Nebraska Advantage Microenterprise Tax Credit Act	2/11/09	General File	Enacted
LB 536	Stuthman/ Authorize creation of transportation development districts and imposition of a local sales tax	2/25/09	Indefinitely Postponed	Indefinitely Postponed

LB/LR	INTRODUCER/ TITLE	HEARING DATE	COMMITTEE DISPOSITION	DISPOSITION AT SINE DIE
LB 538	Giese/ Exempt government employee retirement benefits from income tax	2/04/09	Indefinitely Postponed	Indefinitely Postponed
LB 539	Coash/ Authorize a refund of sales tax on certain residential building products	3/05/09	Indefinitely Postponed	Indefinitely Postponed
LB 553	White/ Change certain property tax valuation protest procedures	2/26/09		Held in Committee
LB 555	White/ Change provisions relating to a research tax credit	2/18/09	Amended/ General File	Enacted
LB 559	Gloor/ Change the Convention Center Facility Financing Assistance Act	3/19/09		Held in Committee
LB 566	Dubas/ Provide tax incentives for windmill manufacturing	2/12/09	Indefinitely Postponed	Indefinitely Postponed
LB 570	Nordquist/ Exempt museum memberships from sales and use taxes	3/11/09	Indefinitely Postponed	Indefinitely Postponed
LB 580	Cornett/ Change the standard of review by the Tax Equalization and Review Commission	2/26/09		Held in Committee
LB 583	Dierks/ Change sales, property, and income tax provisions and education funding	2/11/09		Held in Committee
LB 587	Dierks/ Exempt animal grooming from sales tax as prescribed	3/12/09	Amended/ General File	Enacted
LB 613	Dierks/ Eliminate a restriction on base-year employees for certain tax incentive laws	2/12/09	Indefinitely Postponed	Indefinitely Postponed
LB 615	Cornett/ Adopt the Family Entertainment and Sports Attraction Act and rename the municipal Infrastructure Redevelopment Fund Act and authorize a county sales tax	3/19/09		Held in Committee
LB 616	Cornett/ Rename and change provisions of the Municipal Infrastructure Redevelopment Fund Act	3/19/09	Indefinitely Postponed	Indefinitely Postponed

LB/LR	INTRODUCER/ TITLE	HEARING DATE	COMMITTEE DISPOSITION	DISPOSITION AT SINE DIE
LB 617	Cornett/ Change provisions relating to county community buildings	3/19/09	Indefinitely Postponed	Indefinitely Postponed
LB 618	Cornett/ Adopt the Family Entertainment and Sports Attraction Act	3/19/09	Indefinitely Postponed	Indefinitely Postponed
LB 632	Mello/ Adopt the Nebraska Green Building Advantage Act and authorize a sales tax refund	3/05/09	Indefinitely Postponed	Indefinitely Postponed
LB 634	Mello/ Redefine household income for homestead exemption purposes	2/11/09	Indefinitely Postponed	Indefinitely Postponed
LB 640	Schilz/ Provide a local option on refundability of sales tax under tax incentive laws	3/18/09	Indefinitely Postponed	Indefinitely Postponed
LB 670	Pirsch/ Change funding for the Property Tax Credit Act	2/18/09	Indefinitely Postponed	Indefinitely Postponed
LB 681	Flood/ Provide for refund of unconstitutional taxes, assessments and penalties	3/11/09	Indefinitely Postponed	Indefinitely Postponed

## **COMMITTEE ON REVENUE WORKSHEET**

### **2009 SESSION**

**Bills referred to the Revenue Committee: 96**

**Priority bills: (9) LBs 121, 159, 164, 213, 385, 420, 555, 615, 681**

**On General File: (6) LBs 26, 210, 234, 357, 405, 421**

**Fully amended into another bill and IPPD on General File: (2)  
LB 233 (into LB 9) and LB 335 (into LB 403)**

**On Select File: (2) LBs 44, 45**

**On Final Reading: (3) LBs 112, 159, 420**

**Approved by the Governor: (17) LBs 9, 89, 94, 120, 121, 162, 164, 165, 166, 218,  
251, 294, 302, 447, 531, 555, 587**

**Held in Committee: (20) LBs 13, 57, 58, 65, 67, 69, 70, 212, 213, 248, 308, 418, 419,  
455, 520, 553, 559, 580, 583, 615**

**Indefinitely Postponed by Committee: (46) LBs 59, 77, 95, 117, 119, 127, 138, 161,  
171, 186, 239, 249, 264, 270, 271, 282, 296, 303, 309, 336, 376, 380, 385, 386, 460,  
466, 469, 474, 480, 485, 487, 521, 536, 538, 539, 566, 570, 613, 616, 617, 618, 632,  
634, 640, 670, 681**