

LEGISLATURE OF NEBRASKA  
ONE HUNDRED THIRD LEGISLATURE  
FIRST SESSION  
**LEGISLATIVE BILL 612**

Introduced by Schumacher, 22; Mello, 5.

Read first time January 23, 2013

Committee:

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections  
2 77-27,195, 77-5807, and 77-5907, Reissue Revised Statutes  
3 of Nebraska, and sections 77-385, 77-4110, 77-4933,  
4 77-5542, and 77-5731, Revised Statutes Cumulative  
5 Supplement, 2012; to require the Department of Revenue to  
6 present certain reports to legislative committees; to  
7 repeal the original sections; and to declare an  
8 emergency.  
9 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-385, Revised Statutes Cumulative  
2 Supplement, 2012, is amended to read:

3           77-385 The report required under section 77-382 and a  
4 summary of the report shall be submitted to the Governor, the  
5 Executive Board of the Legislative Council, and the chairpersons of  
6 the Legislature's Revenue and Appropriations Committees on or before  
7 October 15, 1991, and October 15 of every even-numbered year  
8 thereafter. The report submitted to the executive board and the  
9 committees shall be submitted electronically. The department shall,  
10 on or before December 1 of each even-numbered year, appear at a joint  
11 hearing of the Appropriations Committee of the Legislature and the  
12 Revenue Committee of the Legislature and present the report. Any  
13 supplemental information requested by three or more committee members  
14 shall be presented within thirty days after the request. The summary  
15 shall be included with or appended to the Governor's budget presented  
16 to the Legislature in odd-numbered years.

17           Sec. 2. Section 77-27,195, Reissue Revised Statutes of  
18 Nebraska, is amended to read:

19           77-27,195 (1) The Tax Commissioner shall prepare a report  
20 identifying the amount of investment in this state and the number of  
21 equivalent jobs created by each taxpayer claiming a credit pursuant  
22 to the Nebraska Advantage Rural Development Act. The report shall  
23 include the amount of credits claimed in the aggregate. ~~The report~~  
24 ~~shall be issued on or before March 15 of each year beginning with~~  
25 ~~March 15, 1988, through March 15, 2006, for all credits allowed~~

1 ~~during the previous calendar year.~~ The report shall be issued on or  
2 before July 15 of each year ~~beginning with July 15, 2007,~~ for all  
3 credits allowed during the previous calendar year. The Department of  
4 Revenue shall, on or before July 15 of each year, appear at a joint  
5 hearing of the Appropriations Committee of the Legislature and the  
6 Revenue Committee of the Legislature and present the report. Any  
7 supplemental information requested by three or more committee members  
8 shall be presented within thirty days after the request.

9           (2) Beginning with applications filed on or after January  
10 1, 2006, except for livestock modernization or expansion projects,  
11 the report shall provide information on project-specific total  
12 incentives used every two years for each approved project and shall  
13 disclose (a) the identity of the taxpayer, (b) the location of the  
14 project, and (c) the total credits used and refunds approved during  
15 the immediately preceding two years expressed as a single, aggregated  
16 total. The incentive information required to be reported under this  
17 subsection shall not be reported for the first year the taxpayer  
18 attains the required employment and investment thresholds. The  
19 information on first-year incentives used shall be combined with and  
20 reported as part of the second year. Thereafter, the information on  
21 incentives used for succeeding years shall be reported for each  
22 project every two years containing information on two years of  
23 credits used and refunds approved. The incentives used shall include  
24 incentives which have been approved by the Department of Revenue, but  
25 not necessarily received, during the previous two calendar years.

1           (3) For livestock modernization or expansion projects,  
2 the report shall disclose (a) the identity of the taxpayer, (b) the  
3 total credits used and refunds approved during the preceding calendar  
4 year, and (c) the location of the project.

5           (4) No information shall be provided in the report that  
6 is protected by state or federal confidentiality laws.

7           Sec. 3. Section 77-4110, Revised Statutes Cumulative  
8 Supplement, 2012, is amended to read:

9           77-4110 (1) The Tax Commissioner shall submit  
10 electronically an annual report to the Legislature no later than July  
11 15 of each year. The Department of Revenue shall, on or before July  
12 15 of each year, appear at a joint hearing of the Appropriations  
13 Committee of the Legislature and the Revenue Committee of the  
14 Legislature and present the report. Any supplemental information  
15 requested by three or more committee members shall be presented  
16 within thirty days after the request.

17           (2) The report shall list (a) the agreements which have  
18 been signed during the previous calendar year, (b) the agreements  
19 which are still in effect, (c) the identity of each taxpayer, and (d)  
20 the location of each project.

21           (3) The report shall also state by industry group (a) the  
22 specific incentive options applied for under the Employment and  
23 Investment Growth Act, (b) the refunds allowed on the investment, (c)  
24 the credits earned, (d) the credits used to reduce the corporate  
25 income tax and the credits used to reduce the individual income tax,

1 (e) the credits used to obtain sales and use tax refunds, (f) the  
2 number of jobs created, (g) the total number of employees employed in  
3 the state by the taxpayer on the last day of the calendar quarter  
4 prior to the application date and the total number of employees  
5 employed in the state by the taxpayer on subsequent reporting dates,  
6 (h) the expansion of capital investment, (i) the estimated wage  
7 levels of jobs created subsequent to the application date, (j) the  
8 total number of qualified applicants, (k) the projected future state  
9 revenue gains and losses, (l) the sales tax refunds owed to the  
10 applicants, (m) the credits outstanding, and (n) the value of  
11 personal property exempted by class in each county.

12 (4) No information shall be provided in the report that  
13 is protected by state or federal confidentiality laws.

14 Sec. 4. Section 77-4933, Revised Statutes Cumulative  
15 Supplement, 2012, is amended to read:

16 77-4933 (1) The Department of Revenue shall submit  
17 electronically an annual report to the Legislature no later than July  
18 15 each year. The report shall list (a) the agreements which have  
19 been signed during the previous calendar year, (b) the agreements  
20 which are still in effect, (c) the identity of each company, and (d)  
21 the location of each project. The department shall, on or before July  
22 15 of each year, appear at a joint hearing of the Appropriations  
23 Committee of the Legislature and the Revenue Committee of the  
24 Legislature and present the report. Any supplemental information  
25 requested by three or more committee members shall be presented

1 within thirty days after the request.

2 (2) The report shall also state by industry group (a) the  
3 amount of wage benefit credits allowed under the Quality Jobs Act,  
4 (b) the number of direct jobs created at the project, (c) the amount  
5 of direct capital investment under the act, (d) the estimated wage  
6 levels of jobs created by the companies at the projects, (e) the  
7 estimated indirect jobs and investment created on account of the  
8 projects, and (f) the projected future state and local revenue gains  
9 and losses from all revenue sources on account of the direct and  
10 indirect jobs and investment created on account of the project.

11 (3) No information shall be provided in the report that  
12 is protected by state or federal confidentiality laws.

13 Sec. 5. Section 77-5542, Revised Statutes Cumulative  
14 Supplement, 2012, is amended to read:

15 77-5542 (1) The Department of Revenue shall submit  
16 electronically an annual report to the Legislature no later than July  
17 15 each year. The report shall list (a) the agreements which have  
18 been signed during the previous calendar year, (b) the agreements  
19 which are still in effect, (c) the identity of each company, and (d)  
20 the location of each project. The department shall, on or before July  
21 15 of each year, appear at a joint hearing of the Appropriations  
22 Committee of the Legislature and the Revenue Committee of the  
23 Legislature and present the report. Any supplemental information  
24 requested by three or more committee members shall be presented  
25 within thirty days after the request.

1           (2) The report shall also state by industry group (a) the  
2 amount of wage benefit credits and investment tax credits allowed  
3 under the Invest Nebraska Act, (b) the number of direct jobs created  
4 at the projects, (c) the amount of direct capital investment under  
5 the act, (d) the estimated wage levels of jobs created by the  
6 companies at the projects, (e) the estimated indirect jobs and  
7 investment created on account of the projects, and (f) the projected  
8 future state and local revenue gains and losses from all revenue  
9 sources on account of the direct and indirect jobs and investment  
10 created on account of the projects.

11           (3) No information shall be provided in the report that  
12 is protected by state or federal confidentiality laws.

13           Sec. 6. Section 77-5731, Revised Statutes Cumulative  
14 Supplement, 2012, is amended to read:

15           77-5731 (1) The Tax Commissioner shall submit  
16 electronically an annual report to the Legislature no later than July  
17 15 of each year. The Department of Revenue shall, on or before July  
18 15 of each year, appear at a joint hearing of the Appropriations  
19 Committee of the Legislature and the Revenue Committee of the  
20 Legislature and present the report. Any supplemental information  
21 requested by three or more committee members shall be presented  
22 within thirty days after the request.

23           (2) The report shall list (a) the agreements which have  
24 been signed during the previous calendar year, (b) the agreements  
25 which are still in effect, (c) the identity of each taxpayer who is

1 party to an agreement, and (d) the location of each project.

2 (3) The report shall also state, for taxpayers who are  
3 parties to agreements, by industry group (a) the specific incentive  
4 options applied for under the Nebraska Advantage Act, (b) the refunds  
5 allowed on the investment, (c) the credits earned, (d) the credits  
6 used to reduce the corporate income tax and the credits used to  
7 reduce the individual income tax, (e) the credits used to obtain  
8 sales and use tax refunds, (f) the credits used against withholding  
9 liability, (g) the number of jobs created under the act, (h) the  
10 total number of employees employed in the state on the last day of  
11 the calendar quarter prior to the application date and the total  
12 number of employees employed in the state on subsequent reporting  
13 dates, (i) the expansion of capital investment, (j) the estimated  
14 wage levels of jobs created under the act subsequent to the  
15 application date, (k) the total number of qualified applicants, (l)  
16 the projected future state revenue gains and losses, (m) the sales  
17 tax refunds owed, (n) the credits outstanding under the act, (o) the  
18 value of personal property exempted by class in each county under the  
19 act, (p) the value of property for which payments equal to property  
20 taxes paid were allowed in each county, and (q) the total amount of  
21 the payments.

22 (4) In estimating the projected future state revenue  
23 gains and losses, the report shall detail the methodology utilized,  
24 state the economic multipliers and industry multipliers used to  
25 determine the amount of economic growth and positive tax revenue,



1 describe the analysis used to determine the percentage of new jobs  
2 attributable to the Nebraska Advantage Act assumption, and identify  
3 limitations that are inherent in the analysis method.

4 (5) The report shall provide an explanation of the audit  
5 and review processes of the ~~Department of Revenue~~ department in  
6 approving and rejecting applications or the grant of incentives and  
7 in enforcing incentive recapture. The report shall also specify the  
8 median period of time between the date of application and the date  
9 the agreement is executed for all agreements executed by December 31  
10 of the prior year.

11 (6) The report shall provide information on project-  
12 specific total incentives used every two years for each approved  
13 project. The report shall disclose (a) the identity of the taxpayer,  
14 (b) the location of the project, and (c) the total credits used and  
15 refunds approved during the immediately preceding two years expressed  
16 as a single, aggregated total. The incentive information required to  
17 be reported under this subsection shall not be reported for the first  
18 year the taxpayer attains the required employment and investment  
19 thresholds. The information on first-year incentives used shall be  
20 combined with and reported as part of the second year. Thereafter,  
21 the information on incentives used for succeeding years shall be  
22 reported for each project every two years containing information on  
23 two years of credits used and refunds approved. The incentives used  
24 shall include incentives which have been approved by the department,  
25 but not necessarily received, during the previous two calendar years.

1           (7) The report shall include an executive summary which  
2 shows aggregate information for all projects for which the  
3 information on incentives used in subsection (6) of this section is  
4 reported as follows: (a) The total incentives used by all taxpayers  
5 for projects detailed in subsection (6) of this section during the  
6 previous two years; (b) the number of projects; (c) the total number  
7 of employees of these taxpayers employed in the state on the last day  
8 of the calendar quarter prior to the application date, the new jobs  
9 at the project for which credits have been granted, and the total  
10 number of employees employed in the state by these taxpayers on  
11 subsequent reporting dates; (d) the average compensation paid  
12 employees in the state in the year of application and for the new  
13 jobs at the project; and (e) the total investment for which  
14 incentives were granted. The executive summary shall summarize the  
15 number of states which grant investment tax credits, job tax credits,  
16 sales and use tax refunds for qualified investment, and personal  
17 property tax exemptions and the investment and employment  
18 requirements under which they may be granted.

19           (8) No information shall be provided in the report that  
20 is protected by state or federal confidentiality laws.

21           Sec. 7. Section 77-5807, Reissue Revised Statutes of  
22 Nebraska, is amended to read:

23           77-5807 Beginning July 15, 2007, and each July 15  
24 thereafter the Tax Commissioner shall prepare a report stating the  
25 total amount of credits claimed on income tax returns or as refunds

1 of sales and use tax during the previous calendar year. The  
2 Department of Revenue shall, on or before July 15 of each year,  
3 appear at a joint hearing of the Appropriations Committee of the  
4 Legislature and the Revenue Committee of the Legislature and present  
5 the report. Any supplemental information requested by three or more  
6 committee members shall be presented within thirty days after the  
7 request. No information shall be provided in the report that is  
8 protected by state or federal confidentiality laws.

9           Sec. 8. Section 77-5907, Reissue Revised Statutes of  
10 Nebraska, is amended to read:

11           77-5907 The Tax Commissioner shall prepare a report  
12 identifying the following aggregate amounts for the previous calendar  
13 year: (1) The amount of projected employment and investment  
14 anticipated by taxpayers receiving tentative tax credits and the  
15 tentative tax credits granted; (2) the actual amount of employment  
16 and investment made by taxpayers that were granted tentative tax  
17 credits in the previous calendar year; (3) the tax credits used; and  
18 (4) the tentative tax credits that expired. The report shall be  
19 issued on or before July 15, 2007, and each July 15 thereafter. The  
20 Department of Revenue shall, on or before July 15 of each year,  
21 appear at a joint hearing of the Appropriations Committee of the  
22 Legislature and the Revenue Committee of the Legislature and present  
23 the report. Any supplemental information requested by three or more  
24 committee members shall be presented within thirty days after the  
25 request. No information shall be provided in the report that is

1 protected by state or federal confidentiality laws.

2           Sec. 9. Original sections 77-27,195, 77-5807, and  
3 77-5907, Reissue Revised Statutes of Nebraska, and sections 77-385,  
4 77-4110, 77-4933, 77-5542, and 77-5731, Revised Statutes Cumulative  
5 Supplement, 2012, are repealed.

6           Sec. 10. Since an emergency exists, this act takes effect  
7 when passed and approved according to law.