

LEGISLATURE OF NEBRASKA  
ONE HUNDRED SIXTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 682**

Introduced by Vargas, 7.

Read first time January 23, 2019

Committee:

- 1 A BILL FOR AN ACT relating to the Nebraska Liquor Control Act; to amend
- 2 sections 53-101, 53-103, and 53-160, Revised Statutes Cumulative
- 3 Supplement, 2018; to define a term; to provide for taxing spirits by
- 4 proof gallon; to harmonize provisions; and to repeal the original
- 5 sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 53-101, Revised Statutes Cumulative Supplement,  
2 2018, is amended to read:

3 53-101 Sections 53-101 to 53-1,122 and sections 3 and 5 of this act  
4 shall be known and may be cited as the Nebraska Liquor Control Act.

5 Sec. 2. Section 53-103, Revised Statutes Cumulative Supplement,  
6 2018, is amended to read:

7 53-103 For purposes of the Nebraska Liquor Control Act, the  
8 definitions found in sections 53-103.01 to 53-103.47 and section 3 of  
9 this act apply.

10 Sec. 3. Proof gallon means a gallon of spirits that is fifty  
11 percent alcohol.

12 Sec. 4. Section 53-160, Revised Statutes Cumulative Supplement,  
13 2018, is amended to read:

14 53-160 (1) For the purpose of raising revenue, a tax is imposed upon  
15 the privilege of engaging in business as a manufacturer or a wholesaler  
16 at a rate of thirty-one cents per gallon on all beer; ninety-five cents  
17 per gallon for wine, except for wines produced and released from bond in  
18 farm wineries; six cents per gallon for wine produced and released from  
19 bond in farm wineries; and three dollars and seventy-five cents per proof  
20 gallon on alcohol and spirits manufactured and sold by such manufacturer  
21 or shipped for sale in this state by such wholesaler in the course of  
22 such business. The gallonage tax imposed by this subsection shall be  
23 imposed only on alcoholic liquor upon which a federal excise tax is  
24 imposed.

25 (2) Manufacturers or wholesalers of alcoholic liquor shall be exempt  
26 from the payment of the gallonage tax on such alcoholic liquor upon  
27 satisfactory proof, including bills of lading furnished to the commission  
28 by affidavit or otherwise as the commission may require, that such  
29 alcoholic liquor was manufactured in this state but shipped out of the  
30 state for sale and consumption outside this state.

31 (3) Dry wines or fortified wines manufactured or shipped into this

1 state solely and exclusively for sacramental purposes and uses shall not  
2 be subject to the gallonage tax.

3 (4) The gallonage tax shall not be imposed upon any alcoholic  
4 liquor, whether manufactured in or shipped into this state, when sold to  
5 a licensed nonbeverage user for use in the manufacture of any of the  
6 following when such products are unfit for beverage purposes: Patent and  
7 proprietary medicines and medicinal, antiseptic, and toilet preparations;  
8 flavoring extracts, syrups, food products, and confections or candy;  
9 scientific, industrial, and chemical products, except denatured alcohol;  
10 or products for scientific, chemical, experimental, or mechanical  
11 purposes.

12 (5) Spirits shall be taxed as proof gallons upon such identification  
13 made pursuant to section 5 of this act.

14 ~~(6) (5)~~ The gallonage tax shall not be imposed upon the privilege of  
15 engaging in any business in interstate commerce or otherwise, which  
16 business may not, under the Constitution and statutes of the United  
17 States, be made the subject of taxation by this state.

18 ~~(7) (6)~~ The gallonage tax shall be in addition to all other  
19 occupation or privilege taxes imposed by this state or by any municipal  
20 corporation or political subdivision thereof.

21 ~~(8) (7)~~ The commission shall collect the gallonage tax and shall  
22 account for and remit to the State Treasurer at least once each week all  
23 money collected pursuant to this section. If any alcoholic liquor  
24 manufactured in or shipped into this state is sold to a licensed  
25 manufacturer or wholesaler of this state to be used solely as an  
26 ingredient in the manufacture of any beverage for human consumption, the  
27 tax imposed upon such manufacturer or wholesaler shall be reduced by the  
28 amount of the taxes which have been paid as to such alcoholic liquor so  
29 used under the Nebraska Liquor Control Act. The net proceeds of all  
30 revenue arising under this section shall be credited to the General Fund.

31 Sec. 5. (1) The commission shall create a mechanism to identify the

1 alcohol by volume of spirits distributed in Nebraska. This mechanism may  
2 be a brand or label registration system.

3 (2) Proof gallons shall be calculated by multiplying the gallons per  
4 case of spirits by the alcohol percentage of the spirits divided by fifty  
5 percent alcohol.

6 Sec. 6. Original sections 53-101, 53-103, and 53-160, Revised  
7 Statutes Cumulative Supplement, 2018, are repealed.