

LEGISLATIVE BILL 282

Approved by the Governor February 27, 1985

Introduced by V. Johnson, 8; Hefner, 19; Landis, 46;
Rogers, 41; Hartnett, 45

AN ACT relating to revenue and taxation; to amend sections 77-2715.01 and 81-125.01, Revised Statutes Supplement, 1984; to eliminate certain provisions relating to setting the rate of tax; to change a meeting date; to harmonize provisions; and to repeal the original sections. Be it enacted by the people of the State of Nebraska,

Section 1. That section 77-2715.01, Revised Statutes Supplement, 1984, be amended to read as follows:

77-2715.01. (1)(a) Commencing in 1984 the Legislature shall set the rate of the income tax imposed by section 77-2715 and the rate of the sales tax imposed by subsection (1) of section 77-2703.

(b) The Legislature shall set the rates of the sales tax and income tax so that the estimated funds available plus estimated receipts from the sales, use, income, and franchise taxes will be not less than three per cent nor more than seven per cent in excess of the appropriations and express obligations for the next two succeeding calendar years. The purpose of this subdivision is to insure that there shall be maintained in the state treasury an adequate General Fund balance, considering cash flow, to meet the appropriations and express obligations of the state.

(c) ~~The rates of the sales and income taxes shall be fixed so that the total sales and use taxes levied will as nearly as possible equal the total individual income tax levied for the calendar year for which the rates so fixed will be effective. The legislature shall set the rates in such a manner that total sales and use tax revenue should not exceed total individual income tax revenue in any particular year.~~

(C) (d) For purposes of this subsection, total sales and use taxes levied shall mean the total state sales and use tax liability of all taxpayers for the calendar year, reduced by the additional one half of one per cent sales and use tax imposed by section 77-2715-04. Total income and franchise taxes levied shall mean the total state income and franchise tax liability of all taxpayers for the calendar year.

(e) ~~The sales tax rate so fixed by the Legislature shall be an increment of one half of one per cent, and the income tax rate so fixed shall be an~~

increment of one per cent.

(d) ~~(f)~~ For purposes of this section, express obligation shall mean an obligation which has fiscal impact identifiable by a sum certain or by an established percentage or other determinative factor or factors.

(2) The Speaker of the Legislature and the chairpersons of the Legislature's Executive Board, Revenue Committee, and Appropriations Committee shall meet with the Tax Commissioner within ten days after ~~the fifteenth of July 15~~ and ~~October~~ November 15 of each year and shall determine whether the rates for sales tax and income tax should be changed. In making such determination they shall recalculate the requirements pursuant to the formula set forth in subsection (1) of this section, taking into consideration the appropriations and express obligations for any session, all miscellaneous claims, deficiency bills, and all emergency appropriations.

In the event it is determined by a majority vote that the rates must be changed as a result of a regular or special session or as a result of a change in the provisions of the Internal Revenue Code of 1954 and amendments thereto, other provisions of the laws of the United States relating to federal income taxes, and the rules and regulations issued under such laws, they shall petition the Governor to call a special session of the Legislature to make whatever rate changes may be necessary.

Sec. 2. That section 81-125.01, Revised Statutes Supplement, 1984, be amended to read as follows:

81-125.01. The Governor, when preparing the budget provided for in section 81-125, and the Legislature, when preparing its proposed budget, shall include a reserve requirement, calculated pursuant to subsection (1) of section 77-2715.01, of not less than ~~two~~ three per cent of the appropriations included in such budget.

Sec. 3. That original sections 77-2715.01 and 81-125.01, Revised Statutes Supplement, 1984, are repealed.