

LEGISLATIVE BILL 82

Approved by the Governor February 25, 1991

Introduced by Warner, 25

AN ACT relating to revenue and taxation; to amend sections 77-379, 77-382, 77-385, and 81-125, Reissue Revised Statutes of Nebraska, 1943; to change the name of an act; to require submission of tax expenditure reports and summaries as prescribed; to change provisions relating to such reports; to eliminate obsolete language; to harmonize provisions; to provide an operative date; and to repeal the original sections, and also section 77-384, Reissue Revised Statutes of Nebraska, 1943.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 77-379, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-379. Sections 77-379 to 77-385 shall be known and may be cited as the Tax Expenditure Reporting Act, of 1979-

Sec. 2. That section 77-382, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-382. The department shall prepare a tax expenditure report describing (1) the basic provisions of the Nebraska tax laws, (2) the actual or estimated revenue loss caused by the exemptions, deductions, exclusions, deferrals, credits, and preferential rates in effect on July 1 of each year and allowed under Nebraska's tax structure and in the property tax, and (3) the elements which make up the tax base for state and local income, including income, sales and use, property, and miscellaneous taxes. The department shall review the major tax exemptions for which state general funds are used to reduce the impact of revenue lost due to a tax expenditure. The report shall indicate an estimate of the amount of the reduction in revenue resulting from the operation of all tax expenditures. The report prepared by the department shall be delivered to the Executive Board of the Legislative Council and to the chairpersons of the Legislature's Revenue and Appropriations Committees at the times designated in section 77-384. The report shall make recommendations

relating to the elimination, in whole or in part, of particular tax expenditures or to the limiting of the duration of particular tax expenditures to a fixed number of years. It is the intent of the Legislature that nothing in the Tax Expenditure Reporting Act shall cause the valuation or assessment of any property exempt from taxation on the basis of its use exclusively for religious, educational, or charitable purposes.

Sec. 3. That section 77-385, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

77-385. Following the department's report of 1981, the department shall cause a review of tax expenditures to be conducted in every odd-numbered year. Such review shall be made and summarized in a report The report required under section 77-382 and a summary of the report shall be submitted to the Governor, the Executive Board of the Legislative Council, and to the chairpersons of the Legislature's Revenue and Appropriations Committees on or before October 15, of such odd-numbered year 1991, and October 15 of every even-numbered year thereafter. The summary shall be included with or appended to the Governor's budget presented to the Legislature in odd-numbered years.

Sec. 4. That section 81-125, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

81-125. The Governor shall on or before January 15 of each odd-numbered year present to the Legislature a complete budget for all the activities of the state receiving appropriations or requesting appropriations, except that the Governor during his or her first year in office shall present such budget to the Legislature on or before February 1. Such budget shall be a tentative work program for the coming biennium, containing shall contain a full and itemized report of the expenditures from appropriations made by the previous Legislature and the items which the Governor deems worthy of consideration for the coming biennium, for the respective departments, offices, and institutions, and for all other purposes, and shall contain ; the estimated revenue from taxation, the estimated revenue from sources other than taxation, an estimate of the amount required to be raised by taxation and the sales and income tax rates necessary to raise such amount, and recommendations as to deficiency funding requirements pursuant to section 81-126. The summary of the tax expenditure report prepared pursuant to the Tax Expenditure Reporting Act shall be included

with or appended to the budget presented to the Legislature. The budget as transmitted to the Legislature shall show the estimated requirements for each activity of the state as prepared by the Department of Administrative Services and the final recommendation of the Governor. The budget shall comprise the complete report to the Legislature of all appropriations made for the current biennium and expenditures therefrom by all agencies receiving appropriations, and the report of expenditures contained in the budget shall be in lieu of all other biennial or other financial reports required by statute to the Legislature by expending agencies of appropriations and expenditures for their own activities, except the biennial report of the State Treasurer and Director of Administrative Services.

Sec. 5. This act shall become operative on October 1, 1991.

Sec. 6. That original sections 77-379, 77-382, 77-385, and 81-125, Reissue Revised Statutes of Nebraska, 1943, and also section 77-384, Reissue Revised Statutes of Nebraska, 1943, are repealed.