

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 694

Introduced by Linehan, 39.

Read first time January 18, 2023

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 77-2701.46 and 77-2701.47, Reissue Revised Statutes of Nebraska, and
3 sections 77-2701 and 77-2701.04, Revised Statutes Cumulative
4 Supplement, 2022; to define and redefine terms under the Nebraska
5 Revenue Act of 1967; to harmonize provisions; to provide an
6 operative date; to repeal the original sections; and to declare an
7 emergency.
8 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2701, Revised Statutes Cumulative Supplement,
2 2022, is amended to read:

3 77-2701 Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235,
4 77-27,236, and 77-27,238 to 77-27,240 and section 5 of this act shall be
5 known and may be cited as the Nebraska Revenue Act of 1967.

6 Sec. 2. Section 77-2701.04, Revised Statutes Cumulative Supplement,
7 2022, is amended to read:

8 77-2701.04 For purposes of sections 77-2701.04 to 77-2713 and
9 77-27,239 and section 5 of this act, unless the context otherwise
10 requires, the definitions found in sections 77-2701.05 to 77-2701.55 and
11 section 5 of this act shall be used.

12 Sec. 3. Section 77-2701.46, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 77-2701.46 Manufacturing means an action or series of actions
15 performed upon tangible personal property, either by hand or machine,
16 which results in that tangible personal property being reduced or
17 transformed into a different state, quality, form, property, or thing.
18 Manufacturing includes the production of broadband communications
19 services. Manufacturing does not include retail operations, the
20 generation or transmission of electricity, the production or transmission
21 of information, programming, or data, the preparation of food for
22 immediate consumption, or the purification or transportation of water.

23 Sec. 4. Section 77-2701.47, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 77-2701.47 (1) Manufacturing machinery and equipment means any
26 machinery or equipment purchased, leased, or rented by a person engaged
27 in the business of manufacturing for use in manufacturing, including, but
28 not limited to:

29 (a) Machinery or equipment for use in manufacturing to produce,
30 fabricate, assemble, process, finish, refine, or package tangible
31 personal property;

1 (b) Machinery or equipment for use in transporting, conveying,
2 handling, or storing by the manufacturer the raw materials or components
3 to be used in manufacturing or the products produced by the manufacturer;

4 (c) Molds and dies and the materials necessary to create molds and
5 dies for use in manufacturing that determine the physical characteristics
6 of the finished product or its packaging material, whether or not such
7 molds or dies are permanent or temporary in nature, and including any
8 chemicals, solutions, or catalysts utilized in the mold or die process
9 even if such items are consumed during the course of the mold or die
10 process;

11 (d) Machinery or equipment for use in manufacturing to maintain the
12 integrity of the product or to maintain unique environmental conditions
13 required for either the product or the machinery and equipment used in
14 manufacturing by a manufacturer;

15 (e) Testing equipment for use in manufacturing to measure the
16 quality of the finished product;

17 (f) Computers, software, and related peripheral equipment for use in
18 manufacturing to guide, control, operate, or measure the manufacturing
19 process;

20 (g) Machinery or equipment for use in manufacturing to produce
21 steam, electricity, or chemical catalysts and solutions that are
22 essential to the manufacturing process even if such produced items are
23 consumed during the course of the manufacturing process or do not become
24 necessary or integral parts of the finished product;~~and~~

25 (h) Machinery or equipment used to produce broadband communications
26 services; and

27 (i) (h) A repair or replacement part or accessory purchased for use
28 in maintaining, repairing, or refurbishing machinery and equipment used
29 in manufacturing.

30 (2) Manufacturing machinery and equipment does not include: Vehicles
31 required to be registered for operation on the roads and highways of this

1 state; hand tools; office equipment; and computers, software, and related
2 peripheral equipment not used in guiding, controlling, operating, or
3 measuring of the manufacturing process. Machinery or equipment does not
4 need to come into direct physical contact with any of the raw materials,
5 components, or products that are part of the manufacturing process to be
6 considered manufacturing machinery or equipment.

7 (3)(a) Machinery or equipment used to produce broadband
8 communications services includes, but is not limited to, wires, cables,
9 fiber, conduits, antennas, poles, switches, routers, amplifiers,
10 rectifiers, repeaters, receivers, multiplexers, duplexers, transmitters,
11 circuit cards, insulating and protective materials and cases, power
12 equipment, backup power equipment, diagnostic equipment, storage devices,
13 modems, and other general central office or headend equipment, such as
14 channel cards, frames, and cabinets, or equipment used in successor
15 technologies, including items used to monitor, test, maintain, enable, or
16 facilitate qualifying equipment, machinery, software, ancillary
17 components, appurtenances, accessories, or other infrastructure that is
18 used in whole or in part to provide broadband communications services.

19 (b) Machinery or equipment used to produce broadband communications
20 services does not include personal consumer electronics, including, but
21 not limited to, smartphones, computers, and tablets, and consumer-grade
22 modems and Wi-Fi routers.

23 Sec. 5. Broadband communications service means telecommunications
24 service as defined in section 77-2703.04, video programming as defined in
25 47 U.S.C. 522, as such section existed on January 1, 2023, or Internet
26 access as defined in section 1104 of the Internet Tax Freedom Act, Public
27 Law 105-277.

28 Sec. 6. This act becomes operative on July 1, 2023.

29 Sec. 7. Original sections 77-2701.46 and 77-2701.47, Reissue
30 Revised Statutes of Nebraska, and sections 77-2701 and 77-2701.04,
31 Revised Statutes Cumulative Supplement, 2022, are repealed.

1 Sec. 8. Since an emergency exists, this act takes effect when
2 passed and approved according to law.