

**ONE HUNDRED SIXTH LEGISLATURE - FIRST SESSION - 2019**  
**COMMITTEE STATEMENT**  
**LB512**

---

**Hearing Date:** Thursday January 31, 2019  
**Committee On:** Revenue  
**Introducer:** Linehan  
**One Liner:** Change revenue and taxation provisions

---

**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

---

**Vote Results:**

**Aye:** 8 Senators Briese, Friesen, Crawford, Groene, Kolterman, Lindstrom,  
Linehan, McCollister

**Nay:**

**Absent:**

**Present Not Voting:**

---

**Oral Testimony:**

**Proponents:**

Senator Lou Ann Linehan  
Tony Fulton

**Representing:**

Introducer  
Nebraska Tax Commissioner

**Opponents:**

Jon Cannon  
Tom Placzek

**Representing:**

NACO  
Nebraska Association of County Assessors

**Neutral:**

**Representing:**

---

**Summary of purpose and/or changes:**

This is the Department of Revenue annual housekeeping bill which addresses multiple areas of tax law.

Section 1 to 9 and 30 - Would repeal Neb.Rev.Stat. Section 66-739 and harmonize nine other sections within the motor fuels tax statutes to reflect this outright repeal. The statute currently requires separation of motor fuel tax auditing and collection from other parts of the Department. Motor fuel staff are funded through a cash fund as opposed to the General Fund. Repealing this statute would allow auditors and collections personnel to work on more than one tax program and create efficiencies within the Department.

Section 10 - Current law requires county boards to publish a list of delinquent taxpayers and to forward the list to the Property Tax Administrator. The bill would require that the list be furnished to the Department electronically.

Section 11 - Contingent fee contracts for state agencies require review by the Governor under Neb.Rev.Stat. Section 73-203 or 73-204. Neb.Rev.Stat. Section 77-377.02 requires the Department to use contingent fee agreements with third parties for delinquent tax collection. The bill would allow the Department to enter into collection agreements again without approval by the Governor. These agreements are small and infrequent.

Sections 12 and 13 - Removes redundant language regarding promulgation of rules and regulations by the Property Tax Administrator. Neb.Rev.Stat. section 77-369 provides comprehensive language for the Tax Commissioner to

---

promulgate rules and regulations as necessary.

Section 14 - Strikes an unnecessary certification of personal property tax exclusions to the Department of Administrative Services, as the Department of Revenue administers all aspects of this program. The certification required under Neb.Rev.Stat. section 77-1239 is also untimely for budget purposes and requires the Department to use estimates rather than actual numbers.

Section 15 - Provides relief to property taxpayers for damage or destruction due to a natural disaster occurring after the January 1 assessment date.

Section 16 - Clarifies provisions of last session's LB1090 regarding the new personal exemption credit and the increase in the standard deduction.

Sections 17 to 19 - Current filing requirements for pass-through entities are confusing and dissimilar. The bill would harmonize these requirements so that all such entities with Nebraska-source income would be required to file a return, even if all the income is Nebraska-source income and all owners are Nebraska residents.

Section 20 - Amends Neb.Rev.Stat. section 77-2776 so that when a notice of deficiency is issued to a pass-through entity the actions taken by such entities regarding the notice are binding on the owners. This matches federal practice.

Section 21 to 23 - Amend sections of the Homestead Program as follows:

- Neb.Rev.Stat. section 77-3506 to eliminate the annual certification of 100% disability (or the Unremarried before age 50) of the surviving spouse;
- Neb.Rev.Stat. section 77-3508 to clarify the definition of prosthesis for purposes of the disabled homestead exemption by cross referencing the sales tax definition in Neb.Rev.Stat. section 77-2704.09(2)(h); and
- Neb.Rev.Stat. section 77-3519 to allow homestead exemption claimants who are denied or have the exemption amount reduced because of home value to appeal the value by June 30.

Section 24 - Amends Neb.Rev.Stat. section 77-4111 to eliminate the requirement to adopt regulations governing the Employment and Investment Growth Act as the program no longer accepts applications.

Section 25 - Amends Neb.Rev.Stat. section 77-6203 to change from "shall" to "may" the promulgation of regulations for the nameplate capacity tax.

Section 26 - Operative dates.

Section 27 to 29 - Repealers.

Section 31 - Emergency Clause.

---

**Explanation of amendments:**

The amendment makes three changes. First it strikes Section 12. The bill as drafted would have removed the requirement for the Tax Commissioner to promulgate rules and regulations for the educational standards and criteria for certification for county assessor certificate holders. The requirement remains in statute with the amendment. The second change strikes Section 15 which created rules to address real property assessment due to a major calamity. Finally, the operative date section is now section 24. The section numbering within it has been adjusted and the repealer section has been corrected due to the elimination of section 12

