

**ONE HUNDRED SEVENTH LEGISLATURE - SECOND SESSION - 2022**  
**COMMITTEE STATEMENT**  
**LB434**

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**Hearing Date:** Wednesday March 03, 2021  
**Committee On:** Revenue  
**Introducer:** Revenue  
**One Liner:** Change provisions relating to tax expenditure reports and certain joint hearings of legislative committees

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

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**Vote Results:**  
**Aye:** 8 Senators Albrecht, Briese, Bostar, Flood, Friesen, Lindstrom, Linehan, Pahls  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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**Oral Testimony:**

<b>Proponents:</b> Senator Lou Ann Linehan	<b>Representing:</b> Introducer
<b>Opponents:</b>	<b>Representing:</b>
<b>Neutral:</b>	<b>Representing:</b>

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**Submitted Written Testimony:**

<b>Proponents:</b>	<b>Representing:</b>
<b>Opponents:</b> Camdyn Kavan	<b>Representing:</b> OpenSky Policy Institute
<b>Neutral:</b>	<b>Representing:</b>

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

LB434 corrects certain requirements that were added to the Tax Expenditure Report produced by the Department of Revenue and removes certain requirements for joint hearings of the Revenue and Appropriations Committees.

The biennial Tax Expenditure Report produced by the Department of Revenue is intended to estimate the revenue loss from exemptions, credits and deductions under Nebraska's tax code. Several years ago, legislation was passed to include estimates of revenue lost from not subjecting certain services to the tax. Some of the services included in that legislation are already subject to sales and use tax. Therefore they are not appropriate inclusions in the Tax Expenditure Report.

Since the Tax Expenditure Report does not significantly change from year to year, the annual requirement that it be

presented to a joint hearing of the Revenue and Appropriations Committees is removed. Any information in addition to the report, requested by three or more committee members, is still required to be provided within 30 days.

LB434 also removes the annual presentation of the Tax Incentives Report to a joint hearing of the Revenue and Appropriations Committees. The Department of Revenue is still required to produce the report on an annual basis but the presentation at the joint hearing is changed to a biennial basis, beginning on or before September 1, 2022 and every even-numbered year thereafter.

The bill contains the Emergency Clause.

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**Explanation of amendments:**

The amendment does the following:

- Reinstates one joint hearing requirement for the Tax Expenditure Report every odd-numbered year.
- Strikes the original sections 3 and 4. These sections are addressed in LB 817 which harmonizes the tax incentive programs report.

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Lou Ann Linehan, Chairperson