

April 3, 1986

LB 1027

SENATOR R. JOHNSON: No, that is not the one I want. I will withdraw that one.

SPEAKER NICHOL: It is withdrawn.

CLERK: Senator Richard Peterson would move to amend. (Peterson amendment appears on page 1507 of the Legislative Journal.)

SPEAKER NICHOL: Senator Richard Peterson. (Gavel.)

SENATOR PETERSON: Mr. President and members, you are being handed out some information in regards to this amendment. As you remember, last year Nucor Corporation had a problem with electrodes in their welding and making of steel at Norfolk, Nebraska. They was being taxed. We took that and got that corrected. Now we have got another little problem with the division of Nucor, Vulcraft, and this is in the sales and purchase of electricity, coal and gas. As you will look in the yellow sheet that is being handed out to you, the word underlined, gas, and one manufacturer from my district, Nucor Corporation who uses a large amount of this gas, argon gas, has been proceeding with the administrative process to obtain a tax refund for the sales tax it has paid on gases for almost two years, and you will notice in the handout when this started. Currently it provides an exemption for their industrial gas purchases, and the word "gas" as used in 77-2704 currently forbids an exemption for the industrial gas purchases. Since the Nebraska Supreme Court will interpret the word "gas" based on its plain meaning, I am also confident Nucor will eventually fail in their action. And in regards to this, if you will look it over, and I will go ahead and read into the record, the problem that Nucor faces is that they are not sure as to when they will prevail and are faced with an uncertain accounting procedure as well as mounting legal costs. Nucor, as well as myself, feel that this amendment will have no fiscal impact since these gases are already exempt under the current law and that it is merely a matter of time before the Nebraska Department of Revenue or the courts find it in favor. The question also arises as to how we as the State of Nebraska can pursue economic development. I will tell you that Vulcraft in Norfolk, Nebraska developed a railroad tie made out of cement that is much better in test and that, and with the tax structure that is in Nebraska right now, would have probably built a plant in Norfolk, Nebraska but they went to Utah and are going to build a plant out there to produce these now. So we are losing

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