

COMMITTEE STATEMENT

LB 829

HEARING DATE: March 6, 1991 and March 20, 1991 (Rehearing)

COMMITTEE ON: Revenue

TITLE: LB 829 (Will) Eliminate certain items from the personal property tax exemption

ROLL CALL VOTE, FINAL-COMMITTEE ACTION

Advanced to General File

Y Advanced to General File with amendments

Indefinitely Postponed

Vote results:

5 Yes Senators Hall, Landis, Rogers, Warner, Will

2 No Senators Hefner and Peterson

0 Present, not voting

1 Absent Senator Haberman

PROPOSERS

Senator Eric will

Jerry Prazan

Tom Johnston

Stan Sibley

June Remington

Lynn Rex

Dale Siefkes

Gary Thompson

Representing

Introducer

City of Omaha

Nebr. Technical Community College Association

Omaha Public Schools

Nebr. Council of School Administrators

League of Nebraska Municipalities

Nebraska Association of School Boards

Beatrice School Board

OPPOSERS

Dwayne Richard

Senator Howard Lamb

Trent Nowka

Linda Berney

Loy Todd

George Ferebee

John Hansen

Larry Hudkins

Mick Karmazin

Joseph Knievel

Carl Gronentha

Albert J. Ebers

Dave Mussmann

Tom Hoegemeyer

Representing

Retail Merchants Association of Nebr.

District #43

Nebraska Farm Bureau Federation

Chief Industries, Inc.

Nebr. New Car & Truck Dealers Association

Self

Nebraska Farmers Union

Nebraska Cattlemen

Self

Self

Self

Nebraska State Grange

Self

Self

NEUTRAL

Governor Ben Nelson

M. Berri Balks

Senator W. Owen Elmer

Walt Radcliffe

Barbara Botsch

George Penry

Representing

Governor's office

Dept, of Revenue

District #38

Nebraska Realtors Association

Greater Omaha Chamber of Commerce

Nebraska Chamber of Commerce & Industry

Jack Mills	Nebraska Association of County Officials
Nolland Bates	Self
Cathy Lang-Morrissey	Dept. of Revenue
Dennis Donner	Dept. of Revenue
Richard Helvey	Self
Clarence Miller	Self
Robert Hallstrom	Nat'l Federation of Independent Business
F. Kent Kalb	Nebraska Railroad Association
John Moore	Nebraska Association of County Officials
Robin Hendricksen	Lancaster County
Robert Thompson	Nebraska Individual Taxpayers Association
Kathleen McCallister	Nebraska Individual Taxpayers Association
Norman Wright	Self

Summary of purpose and/or changes:

LB 829 would amend Section 77-202 to eliminate many of the personal property exemptions currently in law. Eliminated would be exemptions for agricultural machinery, business inventory, feed, fertilizer, farm inventory, grain, seed, livestock, poultry, fish, honey bees, fur-bearing animals, and railroad rolling stock.

Explanation of Amendments, if any:

The committee amendments strip the bill and add fifty new sections to provide that: 1) all personal property except motor vehicles be removed from the tax rolls for 1991 only, 2) all income-producing personal property, like business and farm equipment and inventories be placed on the tax rolls in 1992 and thereafter, 3) for 1991, homestead owners be given a 12 1/2% rebate on property taxes paid up to a maximum rebate of \$225, and 4) a 1 1/4% depreciation surcharge and a reduction in the sales tax collection fee given retailers of 6 1/2 million are imposed for one year to pay for the rebate.

Sections I & 2 - Amend Sections 25-208 and 25-218 dealing with statutes of limitations to except requests for refunds of personal or real property taxes.

Section 3 - Amends Section 25-21,149 dealing with declaratory judgments is amended to provide that a suit to declare a tax unconstitutional must be commenced in the year the tax is levied.

Section 4 - Would redefine real property in the way it was before being redefined by LB 1, passed during the special session of 1989. The amendment also would add to the definition a specific inclusion for mobile homes and cabin trailers connected to utilities.

Section 5 - Would amend Section 77-202 to repeal personal property tax exemptions for agricultural machinery, business inventory, feed, fertilizer, farm inventories, grain, seed, livestock, 775 exempt property and railroad rolling stock. Added to this section is a new exemption for all personal property except motor vehicles for 1991 only.

Section 6 - Commands the State Board of Equalization in its August meeting to issue orders to execute the exemption provided in this Act for 1991.

Sections 7-18 - Would re-enact twelve sections providing for the assessment and taxation of carlines which were repealed by LB 7 (the 1989 special session). These sections would be effective beginning January 1, 1992.

Section 19 - Amends Section 77-1510 to provide that refunds given one taxpayer shall not have a dispositive effect on refund requests of others.

Section 20 - Section 77-1727 is amended to prohibit refunds to persons not a party to the original action.

Sections 21 & 22 - Sections 77-1734.01 and 77-1735 are amended to 1) provide that refunds to one taxpayer shall not mean that other taxpayers are entitled to refunds, and 2) to prohibit refunds to persons not a party to the action.

Section 23 - Section 77-1736.04 dealing with unconstitutional taxes is amended to provide that any suit to declare a tax or part thereof unconstitutional shall be filed in the year the tax is levied and that no person who is not the prevailing party shall be entitled to a refund.

Section 24 - Would amend Section 77-1736.10 to provide that the statute of limitations for illegal taxes be shortened from three years to ninety days and that refunds to one taxpayer have no dispositional effect on another.

Sections 25-27- Would amend Sections 77-1775, 77-1775.01 and 77-2701 to harmonize.

Section 28 - Creates a tax of 1 1/4% percent of any depreciation taken as an expense by an Nebraska income taxpayer. This new tax cannot be offset by any credits and delinquent payments accrue interest at the statutory rate. The Department of Revenue is given authority to develop appropriate forms and promulgate rules and regulations. Beneficiaries, partners, et., must apportion the depreciation surcharge among their owners and multistate corporations must apportion depreciation to Nebraska based on the property factor in Section 77-2734.12.

Sections 29 & 30 - The sales tax collection fee is reduced July 1, 1991 through July 1, 1992 from 3% up to \$5,000 and 1% of amounts over \$5,000 to 2% up to \$1,000, and 1% of amounts over \$1,000.

Section 31 - Excepts property tax refunds ordered by a court from the lid enacted as a part of LB 1059.

Section 32 - The lid on subdivisions of 4% as provided in LB 1059 is extended from July 1, 1992 to July 1, 1994.

Sections 33 & 34 - Amend Sections 77-4105 and 77-4107 (LB 775, 1987) to eliminate personal property tax exemptions granted qualifying companies.

Section 35 Titles Sections 35-44 the Nebraska Homeowners Tax Rebate Act.

Section 36 - Definitions.

Section 37 - Owner is defined as owner of record, surviving spouse, one of a joint tenancy, certain beneficiaries of a trust which is an owner of record or owner of a life tenancy.

Section 38 - Qualified claimant is defined as the owner of record who actually occupies the residence at the time the application is filed.

Section 39 - Residence is defined to include a residence or mobile home on one acre, on leased land or a condominium.

Section 40 - Provides that for 1991, there shall be a tax rebate of 12 1/2% of the property taxes paid on a residence at the time the rebate is applied for, Only one rebate is allowed per residence.

Section 41 - After the property taxes are paid., the claimant is to apply for the rebate with the county assessor on forms provided by the Department of Revenue. The applications must be filed by December 31, 1992. Upon request of a taxpayer, the county assessor shall mail out an application.

Section 42 - After the assessor verifies ownership, the application is forwarded to the county treasurer.

Section 43 - The county treasurer is to verify that the taxes have been paid and the amount paid. The treasurer then is to stamp the application as approved or disapproved and return the application to the homeowner within ninety days if disapproved. If approved, the application is forwarded to the State Treasurer for payment to be made within thirty clays. The rebate is to be 12 1/2% of the taxes paid up to a maximum rebate of \$225.

Section 44 - Operative dates.

Sections 45-48 - Repealer, Including Section 77-202.46 (granting a property tax exemption to earthmoving equipment used in soil conservation) and 77-202.47 (which gives the legislative purpose for exempting railroad rolling stock) which are repealed outright.

Section 49 - Emergency clause.

Chairperson