

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 418**

Introduced by Nordquist, 7.

Read first time January 16, 2015

Committee: Appropriations

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
- 2 71-7611 and 77-2602, Revised Statutes Cumulative Supplement, 2014;
- 3 to change the distribution of cigarette tax proceeds; to harmonize
- 4 provisions; to provide an operative date; and to repeal the original
- 5 sections.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 71-7611, Revised Statutes Cumulative Supplement,  
2 2014, is amended to read:

3 71-7611 (1) The Nebraska Health Care Cash Fund is created. The State  
4 Treasurer shall transfer (a) fifty-six million one hundred thousand  
5 dollars no later than July 15, 2009, (b) fifty-nine million one hundred  
6 thousand dollars on or before July 15, 2010, July 15, 2011, July 15,  
7 2012, and July 15, 2013, and (c) sixty million one hundred thousand  
8 dollars on or before July 15, 2014, and on or before every July 15  
9 thereafter from the Nebraska Medicaid Intergovernmental Trust Fund and  
10 the Nebraska Tobacco Settlement Trust Fund to the Nebraska Health Care  
11 Cash Fund, except that such amount shall be reduced by the amount of the  
12 unobligated balance in the Nebraska Health Care Cash Fund at the time the  
13 transfer is made. The state investment officer upon consultation with the  
14 Nebraska Investment Council shall advise the State Treasurer on the  
15 amounts to be transferred from the Nebraska Medicaid Intergovernmental  
16 Trust Fund and from the Nebraska Tobacco Settlement Trust Fund under this  
17 section in order to sustain such transfers in perpetuity. The state  
18 investment officer shall report electronically to the Legislature on or  
19 before October 1 of every even-numbered year on the sustainability of  
20 such transfers. The Nebraska Health Care Cash Fund shall also include  
21 money received pursuant to section 77-2602, which shall be used for  
22 biomedical research. Except as otherwise provided by law, no more than  
23 the amounts ~~amount~~ specified in this subsection may be appropriated or  
24 transferred from the Nebraska Health Care Cash Fund in any fiscal year.

25 It is the intent of the Legislature that no additional programs are  
26 funded through the Nebraska Health Care Cash Fund until funding for all  
27 programs with an appropriation from the fund during FY2012-13 are  
28 restored to their FY2012-13 levels.

29 (2) Any money in the Nebraska Health Care Cash Fund available for  
30 investment shall be invested by the state investment officer pursuant to  
31 the Nebraska Capital Expansion Act and the Nebraska State Funds

1 Investment Act.

2 (3) The University of Nebraska and postsecondary educational  
3 institutions having colleges of medicine in Nebraska and their affiliated  
4 research hospitals in Nebraska, as a condition of receiving any funds  
5 appropriated or transferred from the Nebraska Health Care Cash Fund,  
6 shall not discriminate against any person on the basis of sexual  
7 orientation.

8 Sec. 2. Section 77-2602, Revised Statutes Cumulative Supplement,  
9 2014, is amended to read:

10 77-2602 (1) Every stamping agent engaged in distributing or selling  
11 cigarettes at wholesale in this state shall pay to the Tax Commissioner  
12 of this state a special privilege tax. This shall be in addition to all  
13 other taxes. It shall be paid prior to or at the time of the sale, gift,  
14 or delivery to the retail dealer in the several amounts as follows: On  
15 each package of cigarettes containing not more than twenty cigarettes,  
16 sixty-four cents per package; and on packages containing more than twenty  
17 cigarettes, the same tax as provided on packages containing not more than  
18 twenty cigarettes for the first twenty cigarettes in each package and a  
19 tax of one-twentieth of the tax on the first twenty cigarettes on each  
20 cigarette in excess of twenty cigarettes in each package.

21 (2) Beginning October 1, 2004, the State Treasurer shall place the  
22 equivalent of forty-nine cents of such tax in the General Fund. The State  
23 Treasurer shall reduce the amount placed in the General Fund under this  
24 subsection by the amount prescribed in subdivision (3)(d) of this  
25 section. For purposes of this section, the equivalent of a specified  
26 number of cents of the tax shall mean that portion of the proceeds of the  
27 tax equal to the specified number divided by the tax rate per package of  
28 cigarettes containing not more than twenty cigarettes.

29 (3) The State Treasurer shall distribute the remaining proceeds of  
30 such tax in the following order:

31 (a) First, beginning July 1, 1980, the State Treasurer shall place

1 the equivalent of one cent of such tax in the Nebraska Outdoor Recreation  
2 Development Cash Fund. For fiscal year distributions occurring after  
3 FY1998-99, the distribution under this subdivision shall not be less than  
4 the amount distributed under this subdivision for FY1997-98. Any money  
5 needed to increase the amount distributed under this subdivision to the  
6 FY1997-98 amount shall reduce the distribution to the General Fund;

7 (b) Second, beginning July 1, 1993, the State Treasurer shall place  
8 the equivalent of three cents of such tax in the Health and Human  
9 Services Cash Fund to carry out sections 81-637 to 81-640. For fiscal  
10 year distributions occurring after FY1998-99, the distribution under this  
11 subdivision shall not be less than the amount distributed under this  
12 subdivision for FY1997-98. Any money needed to increase the amount  
13 distributed under this subdivision to the FY1997-98 amount shall reduce  
14 the distribution to the General Fund;

15 (c) Third, beginning October 1, 2002, and continuing until all the  
16 purposes of the Deferred Building Renewal Act have been fulfilled, the  
17 State Treasurer shall place the equivalent of seven cents of such tax in  
18 the Building Renewal Allocation Fund. The distribution under this  
19 subdivision shall not be less than the amount distributed under this  
20 subdivision for FY1997-98. Any money needed to increase the amount  
21 distributed under this subdivision to the FY1997-98 amount shall reduce  
22 the distribution to the General Fund;

23 (d) Fourth, until July 1, 2009, the State Treasurer shall place in  
24 the Municipal Infrastructure Redevelopment Fund the sum of five hundred  
25 twenty thousand dollars each fiscal year to carry out the Municipal  
26 Infrastructure Redevelopment Fund Act. The Legislature shall appropriate  
27 the sum of five hundred twenty thousand dollars each year for fiscal year  
28 2003-04 through fiscal year 2008-09;

29 (e) Fifth, beginning July 1, 2001, and continuing until June 30,  
30 2008, the State Treasurer shall place the equivalent of two cents of such  
31 tax in the Information Technology Infrastructure Fund. The distribution

1 under this subdivision shall not be less than two million fifty thousand  
2 dollars. Any money needed to increase the amount distributed under this  
3 subdivision to two million fifty thousand dollars shall reduce the  
4 distribution to the General Fund;

5 (f) Sixth, beginning July 1, 2001, and continuing until June 30,  
6 2016, the State Treasurer shall place one million dollars each fiscal  
7 year in the City of the Primary Class Development Fund. If necessary, the  
8 State Treasurer shall reduce the distribution of tax proceeds to the  
9 General Fund pursuant to subsection (2) of this section by such amount  
10 required to fulfill the one million dollars to be distributed pursuant to  
11 this subdivision;

12 (g) Seventh, beginning July 1, 2001, and continuing until June 30,  
13 2016, the State Treasurer shall place one million five hundred thousand  
14 dollars each fiscal year in the City of the Metropolitan Class  
15 Development Fund. If necessary, the State Treasurer shall reduce the  
16 distribution of tax proceeds to the General Fund pursuant to subsection  
17 (2) of this section by such amount required to fulfill the one million  
18 five hundred thousand dollars to be distributed pursuant to this  
19 subdivision;~~and~~

20 (h) Eighth, beginning July 1, 2008, and continuing until June 30,  
21 2009, the State Treasurer shall place the equivalent of two million fifty  
22 thousand dollars of such tax in the Nebraska Public Safety Communication  
23 System Cash Fund. Beginning July 1, 2009, and continuing until June 30,  
24 2016, the State Treasurer shall place the equivalent of two million five  
25 hundred seventy thousand dollars of such tax in the Nebraska Public  
26 Safety Communication System Cash Fund. Beginning July 1, 2016, and every  
27 fiscal year thereafter, the State Treasurer shall place the equivalent of  
28 three ~~five~~ million seventy thousand dollars of such tax in the Nebraska  
29 Public Safety Communication System Cash Fund. If necessary, the State  
30 Treasurer shall reduce the distribution of tax proceeds to the General  
31 Fund pursuant to subsection (2) of this section by such amount required

1 to fulfill the distribution pursuant to this subdivision; and -

2 (i) Ninth, beginning July 1, 2016, and every fiscal year thereafter,  
3 the State Treasurer shall place the equivalent of two million dollars of  
4 such tax in the Nebraska Health Care Cash Fund to be used for biomedical  
5 research. If necessary, the State Treasurer shall reduce the distribution  
6 of tax proceeds to the General Fund pursuant to subsection (2) of this  
7 section by such amount required to fulfill the distribution pursuant to  
8 this subdivision.

9 (4) If, after distributing the proceeds of such tax pursuant to  
10 subsections (2) and (3) of this section, any proceeds of such tax remain,  
11 the State Treasurer shall place such remainder in the Nebraska Capital  
12 Construction Fund.

13 (5) The Legislature hereby finds and determines that the projects  
14 funded from the Municipal Infrastructure Redevelopment Fund and the  
15 Building Renewal Allocation Fund are of critical importance to the State  
16 of Nebraska. It is the intent of the Legislature that the allocations and  
17 appropriations made by the Legislature to such funds or, in the case of  
18 allocations for the Municipal Infrastructure Redevelopment Fund, to the  
19 particular municipality's account not be reduced until all contracts and  
20 securities relating to the construction and financing of the projects or  
21 portions of the projects funded from such funds or accounts of such funds  
22 are completed or paid or, in the case of the Municipal Infrastructure  
23 Redevelopment Fund, the earlier of such date or July 1, 2009, and that  
24 until such time any reductions in the cigarette tax rate made by the  
25 Legislature shall be simultaneously accompanied by equivalent reductions  
26 in the amount dedicated to the General Fund from cigarette tax revenue.  
27 Any provision made by the Legislature for distribution of the proceeds of  
28 the cigarette tax for projects or programs other than those to (a) the  
29 General Fund, (b) the Nebraska Outdoor Recreation Development Cash Fund,  
30 (c) the Health and Human Services Cash Fund, (d) the Municipal  
31 Infrastructure Redevelopment Fund, (e) the Building Renewal Allocation

1 Fund, (f) the Information Technology Infrastructure Fund, (g) the City of  
2 the Primary Class Development Fund, (h) the City of the Metropolitan  
3 Class Development Fund, ~~and~~ (i) the Nebraska Public Safety Communication  
4 System Cash Fund, and (j) the Nebraska Health Care Cash Fund shall not be  
5 made a higher priority than or an equal priority to any of the programs  
6 or projects specified in subdivisions (a) through (j ~~±~~) of this  
7 subsection.

8 Sec. 3. This act becomes operative on July 1, 2016.

9 Sec. 4. Original sections 71-7611 and 77-2602, Revised Statutes  
10 Cumulative Supplement, 2014, are repealed.