

One Hundred Fourth Legislature - Second Session - 2016

Introducer's Statement of Intent

LB1047

Chairperson: Senator Mike Gloor

Committee: Revenue

Date of Hearing: February 19, 2016

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

The purpose of Legislative Bill 1047 is to clarify existing statutory language concerning what activities are included as processing for purposes qualifying for an energy sales or use tax exemption. LB 1047 is related specifically to the activities of drying and aerating grain in commercial agricultural facilities.

Current statutory language provides that sales and use taxes shall not be imposed on the gross receipts from the sale or consumption of electricity and other energy sources when more than fifty percent of the amount purchased is used directly in processing, manufacturing or refining.

There currently exists confusion among commercial grain facilities and the Department of Revenue as to whether the drying and aerating of grain constitutes processing. The Department of Revenue construes processing to mean manufacturing. The Nebraska Tax Code defines manufacturing as an action or series of actions performed upon tangible personal property, either by hand or machine, which results in that tangible personal property being reduced or transformed into a different state, quality, form, property or thing.

To alleviate any confusion as to whether drying and aerating of grain transforms the grain into a different state, quality, form, property or thing, LB 1047 specifically includes within the definition of "processing" the drying and aerating of grain by a commercial grain facility.

Principal Introducer: _____

Senator Burke Harr