

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 388

FINAL READING

Introduced by Linehan, 39.

Read first time January 12, 2023

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 13-518, 13-519, 13-2817, 29-3933, 72-2305, 72-2306, 77-2704.24, and
3 77-27,142, Reissue Revised Statutes of Nebraska, sections 77-382,
4 77-1776, 77-2602, 77-2701.16, 77-27,144, 77-3446, 77-4602, and
5 81-12,193, Revised Statutes Cumulative Supplement, 2022, and
6 sections 77-1632, 77-1633, 77-1701, 77-2701, 77-2701.02, 77-2701.04,
7 77-2715.07, 77-4008, 77-6702, 77-6703, 79-3403, and 79-3406, Revised
8 Statutes Supplement, 2023; to adopt the Property Tax Growth
9 Limitation Act, the Advertising Services Tax Act, and the Property
10 Tax Relief Act; to change provisions relating to budget limitations,
11 the Property Tax Request Act, and tax statements; to change the rate
12 and distribution of the cigarette tax; to change provisions relating
13 to the sales tax rate; to impose sales tax on certain services; to
14 define a term; to eliminate certain sales tax exemptions; to change
15 the earned income tax credit; to change provisions relating to the
16 base limitation, a tax on electronic nicotine delivery systems,
17 certain transfers of excess General Fund receipts, the Nebraska
18 Property Tax Incentive Act, and the School District Property Tax
19 Limitation Act; to harmonize provisions; to provide an operative
20 date; to repeal the original sections; to outright repeal section
21 77-2704.38, Reissue Revised Statutes of Nebraska; and to declare an
22 emergency.

1 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 8 of this act shall be known and may be
2 cited as the Property Tax Growth Limitation Act.

3 Sec. 2. For purposes of the Property Tax Growth Limitation Act:

4 (1) Approved bonds means bonds as defined in subdivision (1) of
5 section 10-134 that are approved according to law, excluding any bonds
6 issued to finance a project or projects if the issuance of bonds for such
7 project or projects was the subject of a general obligation bond election
8 held at the most recent regularly scheduled election and was not approved
9 at such election;

10 (2) Auditor means the Auditor of Public Accounts;

11 (3) Consumer price index percentage means the annual percentage
12 change in the Consumer Price Index for All Urban Consumers published by
13 the federal Bureau of Labor Statistics, as reported for December of the
14 prior calendar year for the preceding twelve-month period;

15 (4) Emergency means an emergency, as defined in section 81-829.39,
16 for which a state of emergency proclamation or local state of emergency
17 proclamation has been issued under the Emergency Management Act;

18 (5) Growth percentage means the percentage obtained by dividing (a)
19 the political subdivision's growth value by (b) the political
20 subdivision's total property valuation from the prior year;

21 (6) Growth value means the increase in a political subdivision's
22 total property valuation from the prior year to the current year due to
23 (a) improvements to real property as a result of new construction and
24 additions to existing buildings, (b) any other improvements to real
25 property which increase the value of such property, (c) annexation of
26 real property by the political subdivision, (d) a change in the use of
27 real property, and (e) any increase in personal property valuation over
28 the prior year;

29 (7) Political subdivision means any county, city, or village;

30 (8) Property tax request means the total amount of property taxes
31 requested to be raised for a political subdivision through the levy

1 imposed pursuant to section 77-1601;

2 (9) Property tax request authority means the amount that may be
3 included in a political subdivision's property tax request as determined
4 pursuant to the Property Tax Growth Limitation Act; and

5 (10) State aid means:

6 (a) For all political subdivisions, state aid paid pursuant to
7 sections 60-3,202 and 77-3523 and reimbursement provided pursuant to
8 section 77-1239;

9 (b) For cities and villages, state aid to cities and villages paid
10 pursuant to sections 39-2501 to 39-2520, 60-3,190, and 77-27,139.04 and
11 insurance premium tax paid to cities and villages; and

12 (c) For counties, state aid to counties paid pursuant to sections
13 60-3,184 to 60-3,190, insurance premium tax paid to counties, and
14 reimbursements to counties from funds appropriated pursuant to section
15 29-3933.

16 Sec. 3. (1) Except as otherwise provided in the Property Tax Growth
17 Limitation Act, for fiscal years beginning on or after July 1, 2024, a
18 political subdivision's property tax request for any year shall not
19 exceed its property tax request authority as determined under this
20 section. The preliminary property tax request authority for each
21 political subdivision shall be the amount of property taxes levied by the
22 county board of equalization pursuant to section 77-1601 for such
23 political subdivision in the prior fiscal year.

24 (2) In addition to the preliminary property tax request authority,
25 the political subdivision's property tax request authority may be
26 increased by the product of:

27 (a) The amount of property taxes levied in the prior year increased
28 by the political subdivision's growth percentage, less the sum of
29 exceptions utilized in the prior year pursuant to subdivisions (1) and
30 (2) of section 4 of this act; and

31 (b) The greater of three percent or the percentage change in the

1 consumer price index percentage.

2 Sec. 4. A political subdivision may increase its property tax
3 request authority over the amount determined under section 3 of this act
4 by:

5 (1) The amount of property taxes budgeted for approved bonds;

6 (2) The amount of property taxes needed to respond to an emergency
7 declared in the preceding year, as certified to the auditor;

8 (3) The amount of unused property tax request authority determined
9 in accordance with section 6 of this act;

10 (4) The amount of property taxes budgeted in support of (a) a
11 service relating to an imminent and significant threat to public safety
12 or public health that (i) was not previously provided by the political
13 subdivision and (ii) is the subject of an agreement or a modification of
14 an existing agreement executed after the operative date of this act,
15 whether provided by one of the parties to the agreement or by an
16 independent joint entity or joint public agency or (b) an interlocal
17 agreement relating to public safety;

18 (5) The increase in property tax request authority approved by the
19 legal voters as provided in section 5 of this act; and

20 (6) The amount of property taxes needed to implement a six percent
21 increase in compensation for understaffed law enforcement officer,
22 firefighter, or corrections officer positions. For law enforcement
23 officer positions, understaffing shall be determined using the strength
24 of force numbers established by the Nebraska Commission on Law
25 Enforcement and Criminal Justice. For firefighter positions,
26 understaffing shall be determined using National Fire Protection
27 Association Standard 1710. For corrections officer positions,
28 understaffing shall be deemed to exist if the ratio of inmates to direct
29 custody staff exceeds fifteen to one for all shifts. The six percent
30 increase in compensation authorized in this subdivision shall only be
31 applicable to the increase in compensation related to filling currently

1 vacant positions and shall be in addition to any percentage increase in
2 such compensation obtained pursuant to section 3 of this act.

3 Sec. 5. (1) A political subdivision may increase its property tax
4 request authority over the amount determined under section 3 of this act
5 if such increase is approved by a majority of legal voters voting on the
6 issue at an election described in subsection (2) of this section. Such
7 issue shall be placed on the ballot (a) upon the recommendation of the
8 governing body of such political subdivision or (b) upon the receipt by
9 the county clerk or election commissioner of a petition requesting such
10 issue to be placed on the ballot which is signed by at least five percent
11 of the legal voters of the political subdivision. The recommendation of
12 the governing body or the petition of the legal voters shall include the
13 amount by which the political subdivision would increase its property tax
14 request authority over and above the amount determined under section 3 of
15 this act.

16 (2) Upon receipt of such recommendation or legal voter petition, the
17 county clerk or election commissioner shall place such issue on the
18 ballot at the next regularly scheduled election. The election shall be
19 held pursuant to the Election Act, and all costs shall be paid by the
20 political subdivision. The issue may be approved on the same question as
21 a vote to exceed the levy limits provided in section 77-3444. If a
22 majority of the votes cast on the issue are in favor of increasing the
23 political subdivision's property tax request authority, the political
24 subdivision shall be empowered to do so.

25 Sec. 6. A political subdivision may choose not to increase its
26 total property taxes levied by the full amount of the property tax
27 request authority allowed in a particular year. In such cases, the
28 political subdivision may carry forward to future budget years the amount
29 of unused property tax request authority, but accumulation of unused
30 property tax request authority shall not exceed an aggregate of five
31 percent of the total property tax request authority from the prior year.

1 Sec. 7. The auditor shall prepare forms to be used by political
2 subdivisions for the purpose of calculating property tax request
3 authority and unused property tax request authority. Each political
4 subdivision shall calculate such amounts and submit the forms to the
5 auditor on or before September 30 of each year. If a political
6 subdivision fails to submit such forms to the auditor or if the auditor
7 determines from such forms that a political subdivision is not complying
8 with the limits provided in the Property Tax Growth Limitation Act, the
9 auditor shall notify the political subdivision and the State Treasurer of
10 the noncompliance. The State Treasurer shall then suspend distribution of
11 state aid allocated to the political subdivision until the political
12 subdivision complies. The funds shall be held for six months. If the
13 political subdivision complies within the six-month period, it shall
14 receive the suspended funds. If the political subdivision fails to comply
15 within the six-month period, the suspended funds shall be forfeited and
16 shall be redistributed to other recipients of the state aid or, in the
17 case of homestead exemption reimbursement, returned to the General Fund.

18 Sec. 8. The auditor may adopt and promulgate rules and regulations
19 to carry out the Property Tax Growth Limitation Act.

20 Sec. 9. Sections 9 to 13 of this act shall be known and may be
21 cited as the Advertising Services Tax Act.

22 Sec. 10. For purposes of the Advertising Services Tax Act:

23 (1) Any term shall have the same meaning as used in Chapter 77,
24 article 27, except as otherwise defined in the Advertising Services Tax
25 Act;

26 (2) Advertising services means all services, including digital
27 advertising services, directly related to the creation, preparation,
28 production, or dissemination of advertisements. The term includes, but is
29 not limited to, layout, art direction, graphic design, mechanical
30 preparation, production supervision, placement, and rendering advice to a
31 client concerning the best methods of advertising that client's products

1 or services. The term also includes online referrals, search engine
2 marketing and lead generation optimization, web campaign planning, the
3 acquisition of advertising space in the Internet media, and the
4 monitoring and evaluation of website traffic for purposes of determining
5 the effectiveness of an advertising campaign. The term does not include
6 web hosting services and domain name registration or the services of a
7 news media entity;

8 (3) Assessable base means the portion of gross advertising revenue
9 that is derived from sales to customers where services are delivered
10 within Nebraska according to the sourcing rules in this subdivision.
11 Gross advertising revenue is within this state if the audience of the
12 advertising is within this state according to the IP address of the
13 device where advertising is being viewed or, if the IP address location
14 is unavailable, the use of another reasonable method to source the
15 advertising revenue to this state based on the location of the viewer. If
16 the audience is based both within and without this state based on the
17 sourcing rules described in this subdivision, the gross advertising
18 revenue is apportioned between this state and other states in proportion
19 to the location of the viewers within this state as compared to the other
20 states. The Tax Commissioner may adopt and promulgate rules and
21 regulations determining the state from which gross advertising revenue is
22 derived;

23 (4) Digital advertising services means advertising services on a
24 digital interface. The term includes advertisements in the form of banner
25 advertising, search engine advertising, interstitial advertising, and
26 other comparable advertising services;

27 (5) Digital interface means any type of software, including any part
28 of an Internet website or application that a user is able to access;

29 (6) Gross advertising revenue means income or revenue from
30 advertising services sourced to the United States using the sourcing
31 rules described in subdivision (3) of this section before any expenses or

1 taxes, computed according to generally accepted accounting principles;

2 (7) IP address means a unique string of characters or other
3 identifier assigned to each device connected to a network for
4 communication;

5 (8) News media entity means an entity engaged primarily in the
6 business of news gathering, reporting, or publishing articles or
7 commentary about news, current events, culture, or other matters of
8 public interest. The term does not include an entity that is primarily an
9 aggregator or republisher of third-party content;

10 (9) Person has the same meaning as in section 77-2701.25;

11 (10) Reporting period means the calendar year on which a report is
12 based; and

13 (11) User means a person or individual who accesses a digital
14 interface with a device.

15 Sec. 11. (1) A tax is imposed on a person that is subject to the
16 Internal Revenue Code or a group of persons subject to the Internal
17 Revenue Code that are part of the same unitary group or would otherwise
18 be members of the same unitary group, if incorporated, that are doing
19 business in Nebraska and whose combined gross advertising revenue exceeds
20 one billion dollars.

21 (2) The amount of the tax imposed under this section is seven and
22 one-half percent of a person's assessable base for the reporting period.

23 Sec. 12. The provisions of sections 77-2714 to 77-27,135 relating
24 to deficiencies, penalties, interest, the collection of delinquent
25 amounts, confidentiality, refunds, and appeal procedures for the tax
26 imposed by section 77-2734.02 shall also apply to the tax imposed by
27 section 11 of this act.

28 Sec. 13. The Tax Commissioner may adopt and promulgate rules and
29 regulations necessary to implement, administer, and enforce the
30 Advertising Services Tax Act.

31 Sec. 14. Sections 14 to 18 of this act shall be known and may be

1 cited as the Property Tax Relief Act.

2 Sec. 15. The purpose of the Property Tax Relief Act is to provide
3 property tax relief for property taxes levied against real property by
4 school districts. The property tax relief will be made to owners of real
5 property in the form of a property tax credit.

6 Sec. 16. For purposes of the Property Tax Relief Act:

7 (1) School district has the same meaning as in section 79-101; and

8 (2) School district taxes means property taxes levied on real
9 property in this state by a school district or multiple-district school
10 system, excluding any property taxes levied for bonded indebtedness and
11 any property taxes levied as a result of an override of limits on
12 property tax levies approved by voters pursuant to section 77-3444.

13 Sec. 17. The School Property Tax Credit Fund is created. The fund
14 shall only be used pursuant to the Property Tax Relief Act. Any money in
15 the fund available for investment shall be invested by the state
16 investment officer pursuant to the Nebraska Capital Expansion Act and the
17 Nebraska State Funds Investment Act.

18 Sec. 18. (1) The Property Tax Relief Act shall apply to tax year
19 2024 and each tax year thereafter. For tax year 2024, the amount of
20 relief granted under the act shall be seven hundred fifty million
21 dollars. For tax year 2025 and each tax year thereafter, the amount of
22 relief granted under the act shall be the amount of relief from the prior
23 year plus thirty million dollars. The relief shall be in the form of a
24 property tax credit which appears on the property tax statement.

25 (2) To determine the amount of the property tax credit for each
26 parcel, the county treasurer shall multiply the amount disbursed to the
27 county under subsection (4) of this section by the ratio of the school
28 district taxes levied on the parcel to the school district taxes levied
29 on all real property in the county. The amount so determined shall be the
30 property tax credit for that parcel.

31 (3) If the real property owner qualifies for a homestead exemption

1 under sections 77-3501 to 77-3529, the owner shall also be qualified for
2 the credit provided in this section to the extent of any remaining
3 liability after calculation of the relief provided by the homestead
4 exemption. If the credit provided in this section results in a property
5 tax liability on the homestead that is less than zero, the amount of the
6 credit which cannot be used by the taxpayer shall be returned to the
7 Property Tax Administrator by July 1 of the year the amount disbursed to
8 the county was disbursed. The Property Tax Administrator shall
9 immediately credit any funds returned under this subsection to the School
10 Property Tax Credit Fund. Upon the return of any funds under this
11 subsection, the county treasurer shall electronically file a report with
12 the Property Tax Administrator, on a form prescribed by the Tax
13 Commissioner, indicating the amount of funds distributed to each school
14 district in the county in the year the funds were returned, any
15 collection fee retained by the county in such year, and the amount of
16 unused credits returned.

17 (4) The amount disbursed to each county under this section shall be
18 equal to the amount available for disbursement, as determined under
19 subsection (1) of this section, multiplied by the ratio of the school
20 district taxes levied on all real property in the county to the school
21 district taxes levied on all real property in the state. By September 15,
22 the Property Tax Administrator shall determine the amount to be disbursed
23 under this subsection to each county and shall certify such amounts to
24 the State Treasurer and to each county. The disbursements to the counties
25 shall occur in two equal payments, the first on or before January 31 and
26 the second on or before April 1. After retaining one percent of the
27 receipts for costs, the county treasurer shall allocate the remaining
28 receipts to the school districts in the county proportionally based on
29 the amount of school district taxes levied on real property in the county
30 by such school districts.

31 Sec. 19. Section 13-518, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 13-518 For purposes of sections 13-518 to 13-522:

3 (1) Allowable growth means (a) for governmental units other than
4 community colleges, the percentage increase in taxable valuation in
5 excess of the base limitation established under section 77-3446, if any,
6 due to improvements to real property as a result of new construction,
7 additions to existing buildings, any improvements to real property which
8 increase the value of such property, and any increase in valuation due to
9 annexation and any personal property valuation over the prior year and
10 (b) for community colleges, the percentage increase in excess of the base
11 limitation, if any, in full-time equivalent students from the second year
12 to the first year preceding the year for which the budget is being
13 determined;

14 (2) Capital improvements means (a) acquisition of real property or
15 (b) acquisition, construction, or extension of any improvements on real
16 property;

17 (3) Governing body has the same meaning as in section 13-503, except
18 that such term does not include the governing body of any county, city,
19 or village;

20 (4) Governmental unit means every political subdivision which has
21 authority to levy a property tax or authority to request levy authority
22 under section 77-3443, except that such term does not include sanitary
23 and improvement districts which have been in existence for five years or
24 less, and school districts, counties, cities, or villages;

25 (5) Qualified sinking fund means a fund or funds maintained
26 separately from the general fund to pay for acquisition or replacement of
27 tangible personal property with a useful life of five years or more which
28 is to be undertaken in the future but is to be paid for in part or in
29 total in advance using periodic payments into the fund. The term includes
30 sinking funds under subdivision (13) of section 35-508 for firefighting
31 and rescue equipment or apparatus;

1 (6) Restricted funds means (a) property tax, excluding any amounts
2 refunded to taxpayers, (b) payments in lieu of property taxes, (c) local
3 option sales taxes, (d) motor vehicle taxes, (e) state aid, (f) transfers
4 of surpluses from any user fee, permit fee, or regulatory fee if the fee
5 surplus is transferred to fund a service or function not directly related
6 to the fee and the costs of the activity funded from the fee, and (g) any
7 funds excluded from restricted funds for the prior year because they were
8 budgeted for capital improvements but which were not spent and are not
9 expected to be spent for capital improvements, ~~(h) the tax provided in~~
10 ~~sections 77-27,223 to 77-27,227 beginning in the second fiscal year in~~
11 ~~which the county will receive a full year of receipts, and (i) any excess~~
12 ~~tax collections returned to the county under section 77-1776. Funds~~
13 received pursuant to the nameplate capacity tax levied under section
14 77-6203 for the first five years after a renewable energy generation
15 facility has been commissioned are nonrestricted funds; and

16 (7) State aid means:

17 (a) For all governmental units, state aid paid pursuant to sections
18 60-3,202 and 77-3523 and reimbursement provided pursuant to section
19 77-1239;

20 ~~(b) For municipalities, state aid to municipalities paid pursuant to~~
21 ~~sections 39-2501 to 39-2520, 60-3,190, and 77-27,139.04 and insurance~~
22 ~~premium tax paid to municipalities;~~

23 ~~(c) For counties, state aid to counties paid pursuant to sections~~
24 ~~60-3,184 to 60-3,190, insurance premium tax paid to counties, and~~
25 ~~reimbursements to counties from funds appropriated pursuant to section~~
26 ~~29-3933;~~

27 ~~(b) (d)~~ For community colleges, state aid to community colleges paid
28 pursuant to the Community College Aid Act;

29 ~~(c) (e)~~ For educational service units, state aid appropriated under
30 sections 79-1241.01 and 79-1241.03; and

31 ~~(d) (f)~~ For local public health departments as defined in section

1 71-1626, state aid as distributed under section 71-1628.08.

2 Sec. 20. Section 13-519, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 13-519 (1)(a) Subject to subdivisions (1)(b) and (c) of this
5 section, for all fiscal years beginning on or after July 1, 1998, no
6 governmental unit shall adopt a budget containing a total of budgeted
7 restricted funds more than the last prior year's total of budgeted
8 restricted funds plus allowable growth plus the basic allowable growth
9 percentage of the base limitation established under section 77-3446. ~~For~~
10 ~~the second fiscal year in which a county will receive a full year of~~
11 ~~receipts from the tax imposed in sections 77-27,223 to 77-27,227, the~~
12 ~~prior year's total of restricted funds shall be the prior year's total of~~
13 ~~restricted funds plus the total receipts from the tax imposed in sections~~
14 ~~77-27,223 to 77-27,227 in the prior year.~~ If a governmental unit
15 transfers the financial responsibility of providing a service financed in
16 whole or in part with restricted funds to another governmental unit or
17 the state, the amount of restricted funds associated with providing the
18 service shall be subtracted from the last prior year's total of budgeted
19 restricted funds for the previous provider and may be added to the last
20 prior year's total of restricted funds for the new provider. For
21 governmental units that have consolidated, the calculations made under
22 this section for consolidating units shall be made based on the combined
23 total of restricted funds, population, or full-time equivalent students
24 of each governmental unit.

25 (b) For all fiscal years beginning on or after July 1, 2008,
26 educational service units may exceed the limitations of subdivision (1)
27 (a) of this section to the extent that one hundred ten percent of the
28 needs for the educational service unit calculated pursuant to section
29 79-1241.03 exceeds the budgeted restricted funds allowed pursuant to
30 subdivision (1)(a) of this section.

31 ~~(c) For fiscal year 2017-18, the last prior year's total of~~

1 ~~restricted funds for counties shall be the last prior year's total of~~
2 ~~restricted funds less the last prior year's restricted funds budgeted by~~
3 ~~counties under sections 39-2501 to 39-2520, plus the last prior year's~~
4 ~~amount of restricted funds budgeted by counties under sections 39-2501 to~~
5 ~~39-2520 to be used for capital improvements.~~

6 (c) ~~(d)~~ The limitations of subdivision (1)(a) of this section shall
7 not apply to the budget or budget statement adopted by a regional
8 metropolitan transit authority for the first five fiscal years commencing
9 on the January 1 that follows the effective date of the conversion of the
10 transit authority established under the Transit Authority Law into a
11 regional metropolitan transit authority.

12 (2) A governmental unit may exceed the limit provided in subdivision
13 (1)(a) of this section for a fiscal year by up to an additional one
14 percent upon the affirmative vote of at least seventy-five percent of the
15 governing body.

16 (3) A governmental unit may exceed the applicable allowable growth
17 percentage otherwise prescribed in this section by an amount approved by
18 a majority of legal voters voting on the issue at a special election
19 called for such purpose upon the recommendation of the governing body or
20 upon the receipt by the county clerk or election commissioner of a
21 petition requesting an election signed by at least five percent of the
22 legal voters of the governmental unit. The recommendation of the
23 governing body or the petition of the legal voters shall include the
24 amount and percentage by which the governing body would increase its
25 budgeted restricted funds for the ensuing year over and above the current
26 year's budgeted restricted funds. The county clerk or election
27 commissioner shall call for a special election on the issue within thirty
28 days after the receipt of such governing body recommendation or legal
29 voter petition. The election shall be held pursuant to the Election Act,
30 and all costs shall be paid by the governing body. The issue may be
31 approved on the same question as a vote to exceed the levy limits

1 provided in section 77-3444.

2 (4) In lieu of the election procedures in subsection (3) of this
3 section, any governmental unit may, for a period of one year, exceed the
4 allowable growth percentage otherwise prescribed in this section by an
5 amount approved by a majority of legal voters voting at a meeting of the
6 residents of the governmental unit, called after notice is published in a
7 newspaper of general circulation in the governmental unit at least twenty
8 days prior to the meeting. At least ten percent of the registered voters
9 residing in the governmental unit shall constitute a quorum for purposes
10 of taking action to exceed the allowable growth percentage. If a majority
11 of the registered voters present at the meeting vote in favor of
12 exceeding the allowable growth percentage, a copy of the record of that
13 action shall be forwarded to the Auditor of Public Accounts along with
14 the budget documents. The issue to exceed the allowable growth percentage
15 may be approved at the same meeting as a vote to exceed the limits or
16 final levy allocation provided in section 77-3444.

17 Sec. 21. Section 13-2817, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 13-2817 (1) Any municipality that is within the boundaries of a
20 municipal county that is not merged into the municipal county shall be
21 required to pay the municipal county for services that were previously
22 provided by the county and are not ordinarily provided by a municipality.
23 Except as provided in subsection (2) of this section, the amount paid
24 shall be equal to the attributable cost of county services times a ratio,
25 the numerator of which is the total valuation of all municipalities that
26 are within the boundaries of the municipal county and the denominator of
27 which is the total valuation of the municipal county and all
28 municipalities and unconsolidated sanitary and improvement districts that
29 are within the boundaries of the municipal county that are not merged
30 into the municipal county, times a ratio the numerator of which is the
31 valuation of the particular municipality and the denominator of which is

1 the total valuation of all municipalities that are within the boundaries
2 of the municipal county, except that (a) the amount paid shall not exceed
3 the total taxable valuation of the municipality times forty-five
4 hundredths of one percent and (b) the municipality shall not be required
5 to pay the municipal county for fire protection or ambulance services.

6 (2) The amount paid for law enforcement by a municipality that is
7 within the boundaries of a municipal county but is not merged into the
8 municipal county shall be as follows: (a) If the county did not provide
9 law enforcement services prior to the formation of the municipal county
10 or if the municipality continues its own law enforcement services after
11 formation of the municipal county, the total cost of services budgeted by
12 the municipal county for law enforcement shall be the net cost of
13 services that are the express and exclusive duties and responsibilities
14 of the county sheriff by law times the same ratios calculated in
15 subsection (1) of this section; (b) if the municipality discontinues
16 providing law enforcement services after the formation of the municipal
17 county (i) the municipal county shall provide a level of service in such
18 municipality that is equal to the level provided in the area or areas of
19 the municipal county that were municipalities prior to the formation of
20 the municipal county and (ii) the municipality shall pay the municipal
21 county for the cost of county services for law enforcement as calculated
22 in subsection (1) of this section, except that for the first five years,
23 the amount shall be no more than the amount budgeted by the municipality
24 for law enforcement services in the last year the municipality provided
25 the services for itself; and (c) if the municipal county has deputized
26 the police force of the municipality to perform the express and exclusive
27 duties and responsibilities of the county sheriff by law, there shall be
28 no amount paid to the municipal county for law enforcement services.

29 (3) Disputes regarding the amounts any municipality that is within
30 the boundaries of a municipal county that is not merged into the
31 municipal county must pay to the municipal county for services that were

1 previously provided by the county and are not ordinarily provided by a
2 municipality shall be heard in the district court of such municipal
3 county.

4 (4) For purposes of this section and section 13-2818, attributable
5 cost of county services means the total budgeted cost of services that
6 were previously provided by the county for the immediately prior fiscal
7 year times a ratio, the numerator of which is the property tax request of
8 the municipal county or the county and all cities to be consolidated for
9 the prior fiscal year, not including any tax for bonded indebtedness, and
10 the denominator of which is the total revenue from all sources that was
11 ~~of the restricted funds as defined in section 13-518 plus inheritance~~
12 ~~taxes, fees, and charges and other revenue that were~~ budgeted for the
13 immediately prior fiscal year by the municipal county or the county and
14 all cities to be consolidated.

15 Sec. 22. Section 29-3933, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 29-3933 (1) Any county which intends to request reimbursement for a
18 portion of its expenditures for its indigent defense system must comply
19 with this section.

20 (2) In order to assist the Commission on Public Advocacy in its
21 budgeting process for determining future reimbursement amounts, after
22 July 1, 2002, and before July 15, 2002, and for each year thereafter in
23 which the county intends to seek reimbursement for a portion of its
24 expenditures for indigent defense services in felony cases for the next
25 fiscal year, the county shall present to the Commission on Public
26 Advocacy (a) a plan, in a format approved by the commission, describing
27 how the county intends to provide indigent defense services in felony
28 cases, (b) a statement of intent declaring that the county intends to
29 comply with the standards set by the commission for felony cases and that
30 the county intends to apply for reimbursement, and (c) a projection of
31 the total dollar amount of expenditures for that county's indigent

1 defense services in felony cases for the next fiscal year.

2 (3) The commission may conduct whatever investigation is necessary
3 and may require certifications by key individuals in the criminal justice
4 system, in order to determine if the county is in compliance with the
5 standards. If a county is certified by the commission as having met the
6 standards established by the commission for felony cases, the county
7 shall be eligible for reimbursement according to the following schedule
8 and procedures: The county clerk of the county seeking reimbursement may
9 submit, on a quarterly basis, a certified request to the commission, for
10 reimbursement from funds appropriated by the Legislature, for an amount
11 equal to one-fourth of the county's actual expenditures for indigent
12 defense services in felony cases.

13 (4) Upon certification by the county clerk of the amount of the
14 expenditures, and a determination by the commission that the request is
15 in compliance with the standards set by the commission for felony cases,
16 the commission shall quarterly authorize an amount of reimbursement to
17 the county as set forth in this section.

18 (5) If the appropriated funds are insufficient in any quarter to
19 meet the amount needed for full payment of all county reimbursements for
20 net expenditures that are certified for that quarter, the commission
21 shall pay the counties their pro rata share of the remaining funds based
22 upon the percentage of the county's certified request in comparison to
23 the total certified requests for that quarter.

24 ~~(6) For purposes of section 13-519, for any year in which a county~~
25 ~~first seeks reimbursement from funds appropriated by the Legislature or~~
26 ~~has previously qualified for reimbursement and is seeking additional~~
27 ~~reimbursement for improving its indigent criminal defense program, the~~
28 ~~last prior year's total of restricted funds shall be the last prior~~
29 ~~year's total of restricted funds plus any increased amount budgeted for~~
30 ~~indigent defense services that is required to develop a plan and meet the~~
31 ~~standards necessary to qualify for reimbursement of expenses from funds~~

1 ~~appropriated by the Legislature.~~

2 Sec. 23. Section 72-2305, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 72-2305 For joint projects described in subdivision (2)(a) of
5 section 72-2303, the principal amount of bonds which may be issued by a
6 qualified public agency under the Public Facilities Construction and
7 Finance Act shall not exceed five million dollars as to the total
8 principal amount of such bonds which may be outstanding at any time, and
9 the annual amounts due by reason of such bonds from each qualified public
10 agency shall not exceed five percent of the total revenue from all
11 sources ~~restricted funds~~ of the obligated qualified public agency in the
12 year prior to issuance. The principal amount of bonds of qualified public
13 agencies in the aggregate issued for any one such joint project shall not
14 exceed five million dollars.

15 Sec. 24. Section 72-2306, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 72-2306 For joint projects described in subdivision (2)(b) of
18 section 72-2303, the principal amount of bonds which may be issued by a
19 qualified public agency under the Public Facilities Construction and
20 Finance Act shall not exceed two hundred fifty thousand dollars for
21 cities of the metropolitan and primary classes, one hundred thousand
22 dollars for counties, cities of the first class, school districts,
23 educational service units, and community colleges, and fifty thousand
24 dollars for cities of the second class and villages, as to the total
25 principal amount of such bonds which may be outstanding at any time, and
26 the annual amounts due by reason of such bonds from each qualified public
27 agency shall not exceed five percent of the total revenue from all
28 sources ~~restricted funds~~ of the obligated qualified public agency in the
29 year prior to issuance. The principal amount of bonds of a qualified
30 public agency in the aggregate issued for any one such joint project
31 shall not exceed two hundred ~~and~~ fifty thousand dollars for cities of the

1 metropolitan and primary classes and one hundred thousand dollars for
2 counties, cities of the first class, cities of the second class,
3 villages, school districts, educational service units, and community
4 colleges.

5 Sec. 25. Section 77-382, Revised Statutes Cumulative Supplement,
6 2022, is amended to read:

7 77-382 (1) The department shall prepare a tax expenditure report
8 describing (a) the basic provisions of the Nebraska tax laws, (b) the
9 actual or estimated revenue loss caused by the exemptions, deductions,
10 exclusions, deferrals, credits, and preferential rates in effect on July
11 1 of each year and allowed under Nebraska's tax structure and in the
12 property tax, (c) the actual or estimated revenue loss caused by failure
13 to impose sales and use tax on services purchased for nonbusiness use,
14 and (d) the elements which make up the tax base for state and local
15 income, including income, sales and use, property, and miscellaneous
16 taxes.

17 (2) The department shall review the major tax exemptions for which
18 state general funds are used to reduce the impact of revenue lost due to
19 a tax expenditure. The report shall indicate an estimate of the amount of
20 the reduction in revenue resulting from the operation of all tax
21 expenditures. The report shall list each tax expenditure relating to
22 sales and use tax under the following categories:

23 (a) Agriculture, which shall include a separate listing for the
24 following items: Agricultural machinery; agricultural chemicals; seeds
25 sold to commercial producers; water for irrigation and manufacturing;
26 commercial artificial insemination; mineral oil as dust suppressant;
27 animal grooming; oxygen for use in aquaculture; animal life whose
28 products constitute food for human consumption; and grains;

29 (b) Business across state lines, which shall include a separate
30 listing for the following items: Property shipped out-of-state;
31 fabrication labor for items to be shipped out-of-state; property to be

1 transported out-of-state; property purchased in other states to be used
2 in Nebraska; aircraft delivery to an out-of-state resident or business;
3 state reciprocal agreements for industrial machinery; and property taxed
4 in another state;

5 (c) Common carrier and logistics, which shall include a separate
6 listing for the following items: Railroad rolling stock and repair parts
7 and services; common or contract carriers and repair parts and services;
8 common or contract carrier accessories; and common or contract carrier
9 safety equipment;

10 (d) Consumer goods, which shall include a separate listing for the
11 following items: Motor vehicles and motorboat trade-ins; merchandise
12 trade-ins; certain medical equipment and medicine; newspapers;
13 laundromats; telefloral deliveries; motor vehicle discounts for the
14 disabled; and political campaign fundraisers;

15 (e) Energy, which shall include a separate listing for the following
16 items: Motor fuels; energy used in industry; energy used in agriculture;
17 aviation fuel; and minerals, oil, and gas severed from real property;

18 (f) Food, which shall include a separate listing for the following
19 items: Food for home consumption; Supplemental Nutrition Assistance
20 Program; school lunches; meals sold by hospitals; meals sold by
21 institutions at a flat rate; food for the elderly, handicapped, and
22 Supplemental Security Income recipients; and meals sold by churches;

23 (g) General business, which shall include a separate listing for the
24 following items: Component and ingredient parts; manufacturing machinery;
25 containers; film rentals; molds and dies; syndicated programming;
26 intercompany sales; intercompany leases; sale of a business or farm
27 machinery; and transfer of property in a change of business ownership;

28 (h) Lodging and shelter, which shall include a separate listing for
29 the following item: Room rentals by certain institutions;

30 (i) Miscellaneous, which shall include a separate listing for the
31 following items: Cash discounts and coupons; separately stated finance

1 charges; casual sales; lease-to-purchase agreements; and separately
2 stated taxes;

3 (j) Nonprofits, governments, and exempt entities, which shall
4 include a separate listing for the following items: Purchases by
5 political subdivisions of the state; purchases by churches and nonprofit
6 colleges and medical facilities; purchasing agents for public real estate
7 construction improvements; contractor as purchasing agent for public
8 agencies; ~~Nebraska lottery~~; admissions to school events; sales on Native
9 American Indian reservations; school-supporting fundraisers; fine art
10 purchases by a museum; purchases by the Nebraska State Fair Board;
11 purchases by the Nebraska Investment Finance Authority and licensees of
12 the State Racing and Gaming Commission; purchases by the United States
13 Government; public records; and sales by religious organizations;

14 (k) Recent sales tax expenditures, which shall include a separate
15 listing for each sales tax expenditure created by statute or rule and
16 regulation after July 19, 2012;

17 (l) Services purchased for nonbusiness use, which shall include a
18 separate listing for each such service, including, but not limited to,
19 the following items: Motor vehicle cleaning, maintenance, and repair
20 services; ~~cleaning and repair of clothing~~; cleaning, maintenance, and
21 repair of other tangible personal property; maintenance, painting, and
22 repair of real property; entertainment admissions; personal care
23 services; lawn care, gardening, and landscaping services; ~~pet-related~~
24 ~~services~~; storage and moving services; household utilities; other
25 personal services; taxi, limousine, and other transportation services;
26 legal services; accounting services; other professional services; and
27 other real estate services; and

28 (m) Telecommunications, which shall include a separate listing for
29 the following items: Telecommunications access charges; prepaid calling
30 arrangements; conference bridging services; and nonvoice data services.

31 (3) It is the intent of the Legislature that nothing in the Tax

1 Expenditure Reporting Act shall cause the valuation or assessment of any
2 property exempt from taxation on the basis of its use exclusively for
3 religious, educational, or charitable purposes.

4 Sec. 26. Section 77-1632, Revised Statutes Supplement, 2023, is
5 amended to read:

6 77-1632 (1) If the annual assessment of property would result in an
7 increase in the total property taxes levied by a county, city, village,
8 school district, learning community, sanitary and improvement district,
9 natural resources district, educational service unit, or community
10 college, as determined using the previous year's rate of levy, such
11 political subdivision's property tax request for the current year shall
12 be no more than its property tax request in the prior year, and the
13 political subdivision's rate of levy for the current year shall be
14 decreased accordingly when such rate is set by the county board of
15 equalization pursuant to section 77-1601. The governing body of the
16 political subdivision shall pass a resolution or ordinance to set the
17 amount of its property tax request after holding the public hearing
18 required in subsection (3) of this section. If the governing body of a
19 political subdivision seeks to set its property tax request at an amount
20 that exceeds its property tax request in the prior year, it may do so,
21 subject to the limitations provided in the School District Property Tax
22 Limitation Act and the Property Tax Growth Limitation Act, to the extent
23 ~~allowed by law~~ after holding the public hearing required in subsection
24 (3) of this section and by passing a resolution or ordinance that
25 complies with subsection (4) of this section. If any county, city, school
26 district, or community college seeks to increase its property tax request
27 by more than the allowable growth percentage, such political subdivision
28 shall comply with the requirements of section 77-1633 in lieu of the
29 requirements in subsections (3) and (4) of this section.

30 (2) If the annual assessment of property would result in no change
31 or a decrease in the total property taxes levied by a county, city,

1 village, school district, learning community, sanitary and improvement
2 district, natural resources district, educational service unit, or
3 community college, as determined using the previous year's rate of levy,
4 such political subdivision's property tax request for the current year
5 shall be no more than its property tax request in the prior year, and the
6 political subdivision's rate of levy for the current year shall be
7 adjusted accordingly when such rate is set by the county board of
8 equalization pursuant to section 77-1601. The governing body of the
9 political subdivision shall pass a resolution or ordinance to set the
10 amount of its property tax request after holding the public hearing
11 required in subsection (3) of this section. If the governing body of a
12 political subdivision seeks to set its property tax request at an amount
13 that exceeds its property tax request in the prior year, it may do so,
14 subject to the limitations provided in the School District Property Tax
15 Limitation Act and the Property Tax Growth Limitation Act, to the extent
16 ~~allowed by law~~ after holding the public hearing required in subsection
17 (3) of this section and by passing a resolution or ordinance that
18 complies with subsection (4) of this section. If any county, city, school
19 district, or community college seeks to increase its property tax request
20 by more than the allowable growth percentage, such political subdivision
21 shall comply with the requirements of section 77-1633 in lieu of the
22 requirements in subsections (3) and (4) of this section.

23 (3) The resolution or ordinance required under this section shall
24 only be passed after a special public hearing called for such purpose is
25 held and after notice is published in a newspaper of general circulation
26 in the area of the political subdivision at least four calendar days
27 prior to the hearing. For purposes of such notice, the four calendar days
28 shall include the day of publication but not the day of hearing. If the
29 political subdivision's total operating budget, not including reserves,
30 does not exceed ten thousand dollars per year or twenty thousand dollars
31 per biennial period, the notice may be posted at the governing body's

1 principal headquarters. The hearing notice shall contain the following
2 information: The certified taxable valuation under section 13-509 for the
3 prior year, the certified taxable valuation under section 13-509 for the
4 current year, and the percentage increase or decrease in such valuations
5 from the prior year to the current year; the dollar amount of the prior
6 year's tax request and the property tax rate that was necessary to fund
7 that tax request; the property tax rate that would be necessary to fund
8 last year's tax request if applied to the current year's valuation; the
9 proposed dollar amount of the tax request for the current year and the
10 property tax rate that will be necessary to fund that tax request; the
11 percentage increase or decrease in the property tax rate from the prior
12 year to the current year; and the percentage increase or decrease in the
13 total operating budget from the prior year to the current year.

14 (4) Any resolution or ordinance setting a political subdivision's
15 property tax request under this section at an amount that exceeds the
16 political subdivision's property tax request in the prior year shall
17 include, but not be limited to, the following information:

18 (a) The name of the political subdivision;

19 (b) The amount of the property tax request;

20 (c) The following statements:

21 (i) The total assessed value of property differs from last year's
22 total assessed value by percent;

23 (ii) The tax rate which would levy the same amount of property taxes
24 as last year, when multiplied by the new total assessed value of
25 property, would be \$..... per \$100 of assessed value;

26 (iii) The (name of political subdivision) proposes to adopt a
27 property tax request that will cause its tax rate to be \$..... per \$100
28 of assessed value; and

29 (iv) Based on the proposed property tax request and changes in other
30 revenue, the total operating budget of (name of political subdivision)
31 will (increase or decrease) last year's budget by percent; and

1 (d) The record vote of the governing body in passing such resolution
2 or ordinance.

3 (5) Any resolution or ordinance setting a property tax request under
4 this section shall be certified and forwarded to the county clerk on or
5 before October 15 of the year for which the tax request is to apply.

6 Sec. 27. Section 77-1633, Revised Statutes Supplement, 2023, is
7 amended to read:

8 77-1633 (1) For purposes of this section, political subdivision
9 means any county, city, school district, or community college.

10 (2) If any political subdivision seeks to increase its property tax
11 request by more than the allowable growth percentage, such political
12 subdivision may do so, subject to the limitations provided in the School
13 District Property Tax Limitation Act and the Property Tax Growth
14 Limitation Act, if the following requirements are met to the extent
15 allowed by law if:

16 (a) A public hearing is held and notice of such hearing is provided
17 in compliance with subsection (3) of this section; and

18 (b) The governing body of such political subdivision passes a
19 resolution or an ordinance that complies with subsection (4) of this
20 section.

21 (3)(a) Each political subdivision within a county that seeks to
22 increase its property tax request by more than the allowable growth
23 percentage shall participate in a joint public hearing. Each such
24 political subdivision shall designate one representative to attend the
25 joint public hearing on behalf of the political subdivision. If a
26 political subdivision includes area in more than one county, the
27 political subdivision shall be deemed to be within the county in which
28 the political subdivision's principal headquarters are located. At such
29 hearing, there shall be no items on the agenda other than discussion on
30 each political subdivision's intent to increase its property tax request
31 by more than the allowable growth percentage.

1 (b) At least one elected official from each participating political
2 subdivision shall attend the joint public hearing. An elected official
3 may be the designated representative from a participating political
4 subdivision. The presence of a quorum or the participation of elected
5 officials at the joint public hearing does not constitute a meeting as
6 defined by section 84-1409 of the Open Meetings Act.

7 (c) The joint public hearing shall be held on or after September 14
8 and prior to September 24 and before any of the participating political
9 subdivisions file their adopted budget statement pursuant to section
10 13-508.

11 (d) The joint public hearing shall be held after 6 p.m. local time
12 on the relevant date.

13 (e) The joint public hearing shall be organized by the county clerk
14 or his or her designee. At the joint public hearing, the designated
15 representative of each political subdivision shall give a brief
16 presentation on the political subdivision's intent to increase its
17 property tax request by more than the allowable growth percentage and the
18 effect of such request on the political subdivision's budget. The
19 presentation shall include:

- 20 (i) The name of the political subdivision;
- 21 (ii) The amount of the property tax request; and
- 22 (iii) The following statements:
 - 23 (A) The total assessed value of property differs from last year's
24 total assessed value by percent;
 - 25 (B) The tax rate which would levy the same amount of property taxes
26 as last year, when multiplied by the new total assessed value of
27 property, would be \$..... per \$100 of assessed value;
 - 28 (C) The (name of political subdivision) proposes to adopt a property
29 tax request that will cause its tax rate to be \$..... per \$100 of
30 assessed value;
 - 31 (D) Based on the proposed property tax request and changes in other

1 revenue, the total operating budget of (name of political subdivision)
2 will exceed last year's by percent; and

3 (E) To obtain more information regarding the increase in the
4 property tax request, citizens may contact the (name of political
5 subdivision) at (telephone number and email address of political
6 subdivision).

7 (f) Any member of the public shall be allowed to speak at the joint
8 public hearing and shall be given a reasonable amount of time to do so.

9 (g) Notice of the joint public hearing shall be provided:

10 (i) By sending a postcard to all affected property taxpayers. The
11 postcard shall be sent to the name and address to which the property tax
12 statement is mailed;

13 (ii) By posting notice of the hearing on the home page of the
14 relevant county's website, except that this requirement shall only apply
15 if the county has a population of more than ten thousand inhabitants; and

16 (iii) By publishing notice of the hearing in a legal newspaper in or
17 of general circulation in the relevant county.

18 (h) Each political subdivision that participates in the joint public
19 hearing shall electronically send the information prescribed in
20 subdivision (3)(i) of this section to the county assessor by September 4.
21 The county clerk shall notify the county assessor of the date, time, and
22 location of the joint public hearing no later than September 4. The
23 county clerk shall notify each participating political subdivision of the
24 date, time, and location of the joint public hearing. The county assessor
25 shall send the information required to be included on the postcards
26 pursuant to subdivision (3)(i) of this section to a printing service
27 designated by the county board. The initial cost for printing the
28 postcards shall be paid from the county general fund. Such postcards
29 shall be mailed at least seven calendar days before the joint public
30 hearing. The cost of creating and mailing the postcards, including staff
31 time, materials, and postage, shall be charged proportionately to the

1 political subdivisions participating in the joint public hearing based on
2 the total number of parcels in each participating political subdivision.
3 Each participating political subdivision shall also maintain a
4 prominently displayed and easily accessible link on the home page of the
5 political subdivision's website to the political subdivision's proposed
6 budget, except that this requirement shall not apply if the political
7 subdivision is a county with a population of less than ten thousand
8 inhabitants, a city with a population of less than one thousand
9 inhabitants, or, for joint public hearings prior to January 1, 2024, a
10 school district.

11 (i) The postcard sent under this subsection and the notice posted on
12 the county's website, if required under subdivision (3)(g)(ii) of this
13 section, and published in the newspaper shall include the date, time, and
14 location for the joint public hearing, a listing of and telephone number
15 for each political subdivision that will be participating in the joint
16 public hearing, and the amount of each participating political
17 subdivision's property tax request. The postcard shall also contain the
18 following information:

19 (i) The following words in capitalized type at the top of the
20 postcard: NOTICE OF PROPOSED TAX INCREASE;

21 (ii) The name of the county that will hold the joint public hearing,
22 which shall appear directly underneath the capitalized words described in
23 subdivision (3)(i)(i) of this section;

24 (iii) The following statement: The following political subdivisions
25 are proposing a revenue increase which would result in an overall
26 increase in property taxes in (insert current tax year). THE ACTUAL TAX
27 ON YOUR PROPERTY MAY INCREASE OR DECREASE. This notice contains estimates
28 of the tax on your property as a result of this revenue increase. These
29 estimates are calculated on the basis of the proposed (insert current tax
30 year) data. The actual tax on your property may vary from these
31 estimates.

- 1 (iv) The parcel number for the property;
- 2 (v) The name of the property owner and the address of the property;
- 3 (vi) The property's assessed value in the previous tax year;
- 4 (vii) The amount of property taxes due in the previous tax year for
- 5 each participating political subdivision;
- 6 (viii) The property's assessed value for the current tax year;
- 7 (ix) The amount of property taxes due for the current tax year for
- 8 each participating political subdivision;
- 9 (x) The change in the amount of property taxes due for each
- 10 participating political subdivision from the previous tax year to the
- 11 current tax year; ~~and~~
- 12 (xi) If the relevant school district has voted to increase its base
- 13 growth percentage pursuant to subsection (2) of section 79-3405, an
- 14 indication that the school district has done so; and
- 15 (xii) ~~(xi)~~ The following statement: To obtain more information
- 16 regarding the tax increase, citizens may contact the political
- 17 subdivision at the telephone number provided in this notice.
- 18 (4) After the joint public hearing required in subsection (3) of
- 19 this section, the governing body of each participating political
- 20 subdivision shall pass an ordinance or resolution to set such political
- 21 subdivision's property tax request. If the political subdivision is
- 22 increasing its property tax request over the amount from the prior year,
- 23 including any increase in excess of the allowable growth percentage, then
- 24 such ordinance or resolution shall include, but not be limited to, the
- 25 following information:
- 26 (a) The name of the political subdivision;
- 27 (b) The amount of the property tax request;
- 28 (c) The following statements:
- 29 (i) The total assessed value of property differs from last year's
- 30 total assessed value by percent;
- 31 (ii) The tax rate which would levy the same amount of property taxes

1 as last year, when multiplied by the new total assessed value of
2 property, would be \$..... per \$100 of assessed value;

3 (iii) The (name of political subdivision) proposes to adopt a
4 property tax request that will cause its tax rate to be \$..... per \$100
5 of assessed value; and

6 (iv) Based on the proposed property tax request and changes in other
7 revenue, the total operating budget of (name of political subdivision)
8 will exceed last year's by percent; and

9 (d) The record vote of the governing body in passing such resolution
10 or ordinance.

11 (5) Any resolution or ordinance setting a property tax request under
12 this section shall be certified and forwarded to the county clerk on or
13 before October 15 of the year for which the tax request is to apply.

14 (6) The county clerk, or his or her designee, shall prepare a report
15 which shall include:

16 (a) The names of the designated representatives of the political
17 subdivisions participating in the joint public hearing;

18 (b) The name and address of each individual who spoke at the joint
19 public hearing, unless the address requirement is waived to protect the
20 security of the individual, and the name of any organization represented
21 by each such individual;

22 (c) The name of each political subdivision that participated in the
23 joint public hearing;

24 (d) The real growth value and real growth percentage for each
25 participating political subdivision;

26 (e) The amount each participating political subdivision seeks to
27 increase its property tax request in excess of the allowable growth
28 percentage; and

29 (f) The number of individuals who signed in to attend the joint
30 public hearing.

31 Such report shall be delivered to the political subdivisions

1 participating in the joint public hearing within ten days after such
2 hearing.

3 Sec. 28. Section 77-1701, Revised Statutes Supplement, 2023, is
4 amended to read:

5 77-1701 (1) The county treasurer shall be ex officio county
6 collector of all taxes levied within the county. The county board shall
7 designate a county official to mail or otherwise deliver a statement of
8 the amount of taxes due and a notice that special assessments are due, to
9 the last-known address of the person, firm, association, or corporation
10 against whom such taxes or special assessments are assessed or to the
11 lending institution or other party responsible for paying such taxes or
12 special assessments. Such statement shall clearly indicate, for each
13 political subdivision, the levy rate and the amount of taxes due to
14 implement an increase in compensation for understaffed law enforcement
15 officer, firefighter, or corrections officer positions pursuant to
16 subdivision (6) of section 4 of this act. Such statement shall also
17 clearly indicate, for each political subdivision, the levy rate and the
18 amount of taxes due as the result of principal or interest payments on
19 bonds issued by the political subdivision and shall show such rate and
20 amount separate from any other levy. When taxes on real property are
21 delinquent for a prior year, the county treasurer shall indicate this
22 information on the current year tax statement in bold letters. The
23 information provided shall inform the taxpayer that delinquent taxes and
24 interest are due for the prior year or years and shall indicate the
25 specific year or years for which such taxes and interest remain unpaid.
26 The language shall read "Back Taxes and Interest Due For", followed by
27 numbers to indicate each year for which back taxes and interest are due
28 and a statement indicating that failure to pay the back taxes and
29 interest may result in the loss of the real property. Failure to receive
30 such statement or notice shall not relieve the taxpayer from any
31 liability to pay such taxes or special assessments and any interest or

1 penalties accrued thereon. In any county in which a city of the
2 metropolitan class is located, all statements of taxes shall also include
3 notice that special assessments for cutting weeds, removing litter, and
4 demolishing buildings are due.

5 (2) Notice that special assessments are due shall not be required
6 for special assessments levied by sanitary and improvement districts
7 organized under Chapter 31, article 7, except that such notice may be
8 provided by the county at the discretion of the county board or by the
9 sanitary and improvement district with the approval of the county board.

10 (3) A statement of the amount of taxes due and a notice that special
11 assessments are due shall not be required to be mailed or otherwise
12 delivered pursuant to subsection (1) of this section if the total amount
13 of the taxes and special assessments due is less than two dollars.
14 Failure to receive the statement or notice shall not relieve the taxpayer
15 from any liability to pay the taxes or special assessments but shall
16 relieve the taxpayer from any liability for interest or penalties. Taxes
17 and special assessments of less than two dollars shall be added to the
18 amount of taxes and special assessments due in subsequent years and shall
19 not be considered delinquent until the total amount is two dollars or
20 more.

21 Sec. 29. Section 77-1776, Revised Statutes Cumulative Supplement,
22 2022, is amended to read:

23 77-1776 Any political subdivision which has received proceeds from a
24 levy imposed on all taxable property within an entire county which is in
25 excess of that requested by the political subdivision under the Property
26 Tax Request Act as a result of a clerical error or mistake shall, in the
27 fiscal year following receipt, return the excess tax collections, net of
28 the collection fee, to the county. By July 31 of the fiscal year
29 following the receipt of any excess tax collections, the county treasurer
30 shall certify to the political subdivision the amount to be returned.
31 ~~Such excess tax collections shall be restricted funds in the budget of~~

1 ~~the county that receives the funds under section 13-518.~~

2 Sec. 30. Section 77-2602, Revised Statutes Cumulative Supplement,
3 2022, is amended to read:

4 77-2602 (1) Every stamping agent engaged in distributing or selling
5 cigarettes at wholesale in this state shall pay to the Tax Commissioner
6 of this state a special privilege tax. This shall be in addition to all
7 other taxes. It shall be paid prior to or at the time of the sale, gift,
8 or delivery to the retail dealer in the several amounts as follows: On
9 each package of cigarettes containing not more than twenty cigarettes,
10 one dollar ~~sixty-four cents~~ per package; and on packages containing more
11 than twenty cigarettes, the same tax as provided on packages containing
12 not more than twenty cigarettes for the first twenty cigarettes in each
13 package and a tax of one-twentieth of the tax on the first twenty
14 cigarettes on each cigarette in excess of twenty cigarettes in each
15 package.

16 (2) Beginning October 1, 2004, the State Treasurer shall place the
17 equivalent of forty-nine cents of such tax in the General Fund. For
18 purposes of this section, the equivalent of a specified number of cents
19 of the tax shall mean that portion of the proceeds of the tax equal to
20 the specified number divided by the tax rate per package of cigarettes
21 containing not more than twenty cigarettes.

22 (3) The State Treasurer shall distribute the remaining proceeds of
23 such tax as follows:

24 (a) Beginning July 1, 1980, the State Treasurer shall place the
25 equivalent of one cent of such tax in the Nebraska Outdoor Recreation
26 Development Cash Fund. For fiscal year distributions occurring after
27 FY1998-99, the distribution under this subdivision shall not be less than
28 the amount distributed under this subdivision for FY1997-98. Any money
29 needed to increase the amount distributed under this subdivision to the
30 FY1997-98 amount shall reduce the distribution to the General Fund;

31 (b) Beginning July 1, 1993, the State Treasurer shall place the

1 equivalent of three cents of such tax in the Health and Human Services
2 Cash Fund to carry out sections 81-637 to 81-640. For fiscal year
3 distributions occurring after FY1998-99, the distribution under this
4 subdivision shall not be less than the amount distributed under this
5 subdivision for FY1997-98. Any money needed to increase the amount
6 distributed under this subdivision to the FY1997-98 amount shall reduce
7 the distribution to the General Fund;

8 (c) Beginning October 1, 2002, and continuing until all the purposes
9 of the Deferred Building Renewal Act have been fulfilled, the State
10 Treasurer shall place the equivalent of seven cents of such tax in the
11 Building Renewal Allocation Fund. The distribution under this subdivision
12 shall not be less than the amount distributed under this subdivision for
13 FY1997-98. Any money needed to increase the amount distributed under this
14 subdivision to the FY1997-98 amount shall reduce the distribution to the
15 General Fund;

16 (d) Beginning July 1, 2016, and every fiscal year thereafter, the
17 State Treasurer shall place the equivalent of three million eight hundred
18 twenty thousand dollars of such tax in the Nebraska Public Safety
19 Communication System Cash Fund. If necessary, the State Treasurer shall
20 reduce the distribution of tax proceeds to the General Fund pursuant to
21 subsection (2) of this section by such amount required to fulfill the
22 distribution pursuant to this subdivision;~~and~~

23 (e) Beginning July 1, 2016, and every fiscal year thereafter, the
24 State Treasurer shall place the equivalent of one million two hundred
25 fifty thousand dollars of such tax in the Nebraska Health Care Cash Fund.
26 If necessary, the State Treasurer shall reduce the distribution of tax
27 proceeds to the General Fund pursuant to subsection (2) of this section
28 by such amount required to fulfill the distribution pursuant to this
29 subdivision; and -

30 (f) Beginning July 1, 2024, and every fiscal year thereafter, the
31 State Treasurer shall place the equivalent of thirty-six cents of such

1 tax in the School Property Tax Credit Fund.

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

6 (5) The Legislature hereby finds and determines that the projects
7 funded from the Building Renewal Allocation Fund are of critical
8 importance to the State of Nebraska. It is the intent of the Legislature
9 that the allocations and appropriations made by the Legislature to such
10 fund not be reduced until all contracts and securities relating to the
11 construction and financing of the projects or portions of the projects
12 funded from such fund are completed or paid, and that until such time any
13 reductions in the cigarette tax rate made by the Legislature shall be
14 simultaneously accompanied by equivalent reductions in the amount
15 dedicated to the General Fund from cigarette tax revenue. Any provision
16 made by the Legislature for distribution of the proceeds of the cigarette
17 tax for projects or programs other than those to (a) the General Fund,
18 (b) the Nebraska Outdoor Recreation Development Cash Fund, (c) the Health
19 and Human Services Cash Fund, (d) the Building Renewal Allocation Fund,
20 (e) the Nebraska Public Safety Communication System Cash Fund, ~~and~~ (f)
21 the Nebraska Health Care Cash Fund, and (g) the School Property Tax
22 Credit Fund shall not be made a higher priority than or an equal priority
23 to any of the programs or projects specified in subdivisions (a) through
24 (g) ~~(f)~~ of this subsection.

25 Sec. 31. Section 77-2701, Revised Statutes Supplement, 2023, is
26 amended to read:

27 77-2701 Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235,
28 77-27,236, and 77-27,238 to 77-27,241 and section 35 of this act shall be
29 known and may be cited as the Nebraska Revenue Act of 1967.

30 Sec. 32. Section 77-2701.02, Revised Statutes Supplement, 2023, is
31 amended to read:

1 77-2701.02 Pursuant to section 77-2715.01:

2 (1) Until July 1, 1998, the rate of the sales tax levied pursuant to
3 section 77-2703 shall be five percent;

4 (2) Commencing July 1, 1998, and until July 1, 1999, the rate of the
5 sales tax levied pursuant to section 77-2703 shall be four and one-half
6 percent;

7 (3) Commencing July 1, 1999, and until the start of the first
8 calendar quarter after July 20, 2002, the rate of the sales tax levied
9 pursuant to section 77-2703 shall be five percent;

10 (4) Commencing on the start of the first calendar quarter after July
11 20, 2002, and until July 1, 2023, the rate of the sales tax levied
12 pursuant to section 77-2703 shall be five and one-half percent;~~and~~

13 (5) Commencing July 1, 2023, and until July 1, 2024, the rate of the
14 sales tax levied pursuant to section 77-2703 shall be five and one-half
15 percent, except that such rate shall be two and three-quarters percent on
16 transactions occurring within a good life district as defined in section
17 77-4403; and -

18 (6) Commencing July 1, 2024, the rate of the sales tax levied
19 pursuant to section 77-2703 shall be five and one-half percent, except
20 that (a) such rate shall be two and three-quarters percent on
21 transactions occurring within a good life district as defined in section
22 77-4403 and (b) such rate shall be twenty-five percent on consumable hemp
23 products.

24 Sec. 33. Section 77-2701.04, Revised Statutes Supplement, 2023, is
25 amended to read:

26 77-2701.04 For purposes of sections 77-2701.04 to 77-2713 and
27 77-27,239 and section 35 of this act, unless the context otherwise
28 requires, the definitions found in sections 77-2701.05 to 77-2701.56 and
29 section 35 of this act shall be used.

30 Sec. 34. Section 77-2701.16, Revised Statutes Cumulative Supplement,
31 2022, is amended to read:

1 77-2701.16 (1) Gross receipts means the total amount of the sale or
2 lease or rental price, as the case may be, of the retail sales of
3 retailers.

4 (2) Gross receipts of every person engaged as a public utility
5 specified in this subsection, as a community antenna television service
6 operator, or as a satellite service operator or any person involved in
7 connecting and installing services defined in subdivision (2)(a), (b), or
8 (d) of this section means:

9 (a)(i) In the furnishing of telephone communication service, other
10 than mobile telecommunications service as described in section
11 77-2703.04, the gross income received from furnishing ancillary services,
12 except for conference bridging services, and intrastate
13 telecommunications services, except for value-added, nonvoice data
14 service.

15 (ii) In the furnishing of mobile telecommunications service as
16 described in section 77-2703.04, the gross income received from
17 furnishing mobile telecommunications service that originates and
18 terminates in the same state to a customer with a place of primary use in
19 Nebraska;

20 (b) In the furnishing of telegraph service, the gross income
21 received from the furnishing of intrastate telegraph services;

22 (c)(i) In the furnishing of gas, sewer, water, and electricity
23 service, other than electricity service to a customer-generator as
24 defined in section 70-2002, the gross income received from the furnishing
25 of such services upon billings or statements rendered to consumers for
26 such utility services.

27 (ii) In the furnishing of electricity service to a customer-
28 generator as defined in section 70-2002, the net energy use upon billings
29 or statements rendered to customer-generators for such electricity
30 service;

31 (d) In the furnishing of community antenna television service or

1 satellite service, the gross income received from the furnishing of such
2 community antenna television service as regulated under sections 18-2201
3 to 18-2205 or 23-383 to 23-388 or satellite service; and

4 (e) The gross income received from the provision, installation,
5 construction, servicing, or removal of property used in conjunction with
6 the furnishing, installing, or connecting of any public utility services
7 specified in subdivision (2)(a) or (b) of this section or community
8 antenna television service or satellite service specified in subdivision
9 (2)(d) of this section, except when acting as a subcontractor for a
10 public utility, this subdivision does not apply to the gross income
11 received by a contractor electing to be treated as a consumer of building
12 materials under subdivision (2) or (3) of section 77-2701.10 for any such
13 services performed on the customer's side of the utility demarcation
14 point. This subdivision also does not apply to:

15 (i) The gross income received by a political subdivision of the
16 state, an electric cooperative, or an electric membership association for
17 the lease or use of, or by a contractor for the construction of or
18 services provided on, electric generation, transmission, distribution, or
19 street lighting structures or facilities owned by a political subdivision
20 of the state, an electric cooperative, or an electric membership
21 association; or

22 (ii) The gross income received for the lease or use of towers or
23 other structures primarily used in conjunction with the furnishing of (A)
24 Internet access services, (B) agricultural global positioning system
25 locating services, or (C) over-the-air radio and television broadcasting
26 licensed by the Federal Communications Commission, including antennas and
27 studio transmitter link systems. For purposes of this subdivision, studio
28 transmitter link system means a system which serves as a conduit to
29 deliver audio from its origin in a studio to a broadcast transmitter.

30 (3) Gross receipts of every person engaged in selling, leasing, or
31 otherwise providing intellectual or entertainment property means:

1 (a) In the furnishing of computer software, the gross income
2 received, including the charges for coding, punching, or otherwise
3 producing any computer software and the charges for the tapes, disks,
4 punched cards, or other properties furnished by the seller; and

5 (b) In the furnishing of videotapes, movie film, satellite
6 programming, satellite programming service, and satellite television
7 signal descrambling or decoding devices, the gross income received from
8 the license, franchise, or other method establishing the charge.

9 (4) Gross receipts for providing a service means:

10 (a) The gross income received for building cleaning and maintenance,
11 pest control, and security;

12 (b) The gross income received for motor vehicle washing, waxing,
13 towing, and painting;

14 (c) The gross income received for computer software training;

15 (d) The gross income received for installing and applying tangible
16 personal property if the sale of the property is subject to tax. If any
17 or all of the charge for installation is free to the customer and is paid
18 by a third-party service provider to the installer, any tax due on that
19 part of the activation commission, finder's fee, installation charge, or
20 similar payment made by the third-party service provider shall be paid
21 and remitted by the third-party service provider;

22 (e) The gross income received for services of recreational vehicle
23 parks;

24 (f) The gross income received for labor for repair or maintenance
25 services performed with regard to tangible personal property the sale of
26 which would be subject to sales and use taxes, excluding motor vehicles,
27 except as otherwise provided in section 77-2704.26 or 77-2704.50;

28 (g) The gross income received for animal specialty services,
29 including ~~except (i) veterinary services, (ii) specialty services~~
30 ~~performed on livestock as defined in section 54-183, and (iii) animal~~
31 grooming performed by a licensed veterinarian or a licensed veterinary

1 technician in conjunction with medical treatment and veterinary services,
2 but excluding veterinary services or other specialty services performed
3 on livestock as defined in section 54-183; and

4 (h) The gross income received for detective services; and -

5 (i) The gross income received for the cleaning of clothing,
6 excluding any amounts exempt pursuant to section 77-2704.14.

7 (5) Gross receipts includes the sale of admissions. When an
8 admission to an activity or a membership constituting an admission is
9 combined with the solicitation of a contribution, the portion or the
10 amount charged representing the fair market price of the admission shall
11 be considered a retail sale subject to the tax imposed by section
12 77-2703. The organization conducting the activity shall determine the
13 amount properly attributable to the purchase of the privilege, benefit,
14 or other consideration in advance, and such amount shall be clearly
15 indicated on any ticket, receipt, or other evidence issued in connection
16 with the payment.

17 (6) Gross receipts includes the sale of live plants incorporated
18 into real estate except when such incorporation is incidental to the
19 transfer of an improvement upon real estate or the real estate.

20 (7) Gross receipts includes the sale of any building materials
21 annexed to real estate by a person electing to be taxed as a retailer
22 pursuant to subdivision (1) of section 77-2701.10.

23 (8) Gross receipts includes the sale of and recharge of prepaid
24 calling service and prepaid wireless calling service.

25 (9) Gross receipts includes the retail sale of digital audio works,
26 digital audiovisual works, digital codes, and digital books delivered
27 electronically if the products are taxable when delivered on tangible
28 storage media. A sale includes the transfer of a permanent right of use,
29 the transfer of a right of use that terminates on some condition, and the
30 transfer of a right of use conditioned upon the receipt of continued
31 payments.

1 (10) Gross receipts includes any receipts from sales of tangible
2 personal property made over a multivendor marketplace platform that acts
3 as the intermediary by facilitating sales between a seller and the
4 purchaser and that, either directly or indirectly through agreements or
5 arrangements with third parties, collects payment from the purchaser and
6 transmits payment to the seller.

7 (11) Gross receipts does not include:

8 (a) The amount of any rebate granted by a motor vehicle or motorboat
9 manufacturer or dealer at the time of sale of the motor vehicle or
10 motorboat, which rebate functions as a discount from the sales price of
11 the motor vehicle or motorboat; or

12 (b) The price of property or services returned or rejected by
13 customers when the full sales price is refunded either in cash or credit.

14 Sec. 35. (1) Consumable hemp product means a finished product that
15 contains hemp as defined in section 2-503 and that has a delta-9
16 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry
17 weight basis.

18 (2) Consumable hemp product does not include a product made from the
19 mature stalks of a plant of the genus cannabis, fiber produced from such
20 stalks, oil or cake made from the seeds of such plant, any other
21 compound, manufacture, salt, derivative, mixture, or preparation of such
22 mature stalks, the sterilized seed of such plant which is incapable of
23 germination, or cannabidiol contained in a drug product approved by the
24 federal Food and Drug Administration.

25 Sec. 36. Section 77-2704.24, Reissue Revised Statutes of Nebraska,
26 is amended to read:

27 77-2704.24 (1) Sales and use taxes shall not be imposed on the gross
28 receipts from the sale, lease, or rental of and the storage, use, or
29 other consumption in this state of food or food ingredients except for
30 prepared food and food sold through vending machines.

31 (2) For purposes of this section:

1 (a) Alcoholic beverages means beverages that are suitable for human
2 consumption and contain one-half of one percent or more of alcohol by
3 volume;

4 (b) Candy means a preparation of sugar, honey, or other natural or
5 artificial sweeteners in combination with chocolate, fruits, nuts, or
6 other ingredients or flavorings in the form of bars, drops, or pieces.
7 Candy shall not include any preparation containing flour and shall
8 require no refrigeration;

9 (c) ~~(b)~~ Dietary supplement means any product, other than tobacco,
10 intended to supplement the diet that contains one or more of the
11 following dietary ingredients: (i) A vitamin, (ii) a mineral, (iii) an
12 herb or other botanical, (iv) an amino acid, (v) a dietary substance for
13 use by humans to supplement the diet by increasing the total dietary
14 intake, or (vi) a concentrate, metabolite, constituent, extract, or
15 combination of any ingredients described in subdivisions (2)(c)(i) ~~(2)(b)~~
16 ~~(i)~~ through (v) of this section; that is intended for ingestion in
17 tablet, capsule, powder, softgel, gelcap, or liquid form or, if not
18 intended for ingestion in such a form, is not presented as conventional
19 food and is not represented for use as a sole item of a meal or of the
20 diet; and that is required to be labeled as a dietary supplement,
21 identifiable by the supplemental facts box found on the label and as
22 required pursuant to 21 C.F.R. 101.36, as such regulation existed on
23 January 1, 2003;

24 (d) ~~(c)~~ Food and food ingredients means substances, whether in
25 liquid, concentrated, solid, frozen, dried, or dehydrated form, that are
26 sold for ingestion or chewing by humans and are consumed for their taste
27 or nutritional value. Food and food ingredients does not include
28 alcoholic beverages, dietary supplements, ~~or~~ tobacco, candy, or soft
29 drinks;

30 (e) ~~(d)~~ Food sold through vending machines means food that is
31 dispensed from a machine or other mechanical device that accepts payment;

1 (f) ~~(e)~~ Prepared food means:

2 (i) Food sold with eating utensils provided by the seller, including
3 plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate
4 does not include a container or packaging used to transport the food; or

5 (ii) Two or more food ingredients mixed or combined by the seller
6 for sale as a single item and food sold in a heated state or heated by
7 the seller, except:

8 (A) Food that is only cut, repackaged, or pasteurized by the seller;

9 (B) Eggs, fish, meat, poultry, and foods containing these raw animal
10 foods requiring cooking by the consumer as recommended by the federal
11 Food and Drug Administration in chapter 3, part 401.11 of its Food Code,
12 as it existed on January 1, 2003, so as to prevent food borne illnesses;

13 (C) Food sold by a seller whose proper primary North American
14 Industry Classification System classification is manufacturing in sector
15 311, except subsector 3118, bakeries;

16 (D) Food sold in an unheated state by weight or volume as a single
17 item;

18 (E) Bakery items, including bread, rolls, buns, biscuits, bagels,
19 croissants, pastries, donuts, danish, cakes, tortes, pies, tarts,
20 muffins, bars, cookies, and tortillas; and

21 (F) Food that ordinarily requires additional cooking to finish the
22 product to its desired final condition; ~~and~~

23 (g) Soft drinks means nonalcoholic beverages that contain natural or
24 artificial sweeteners. Soft drinks do not include beverages that contain
25 milk or milk products, soy, rice or similar milk substitutes, or greater
26 than fifty percent of vegetable or fruit juice by volume; and

27 (h) ~~(f)~~ Tobacco means cigarettes, cigars, chewing or pipe tobacco,
28 or any other item that contains tobacco.

29 Sec. 37. Section 77-2715.07, Revised Statutes Supplement, 2023, is
30 amended to read:

31 77-2715.07 (1) There shall be allowed to qualified resident

1 individuals as a nonrefundable credit against the income tax imposed by
2 the Nebraska Revenue Act of 1967:

3 (a) A credit equal to the federal credit allowed under section 22 of
4 the Internal Revenue Code; and

5 (b) A credit for taxes paid to another state as provided in section
6 77-2730.

7 (2) There shall be allowed to qualified resident individuals against
8 the income tax imposed by the Nebraska Revenue Act of 1967:

9 (a) For returns filed reporting federal adjusted gross incomes of
10 greater than twenty-nine thousand dollars, a nonrefundable credit equal
11 to twenty-five percent of the federal credit allowed under section 21 of
12 the Internal Revenue Code of 1986, as amended, except that for taxable
13 years beginning or deemed to begin on or after January 1, 2015, such
14 nonrefundable credit shall be allowed only if the individual would have
15 received the federal credit allowed under section 21 of the code after
16 adding back in any carryforward of a net operating loss that was deducted
17 pursuant to such section in determining eligibility for the federal
18 credit;

19 (b) For returns filed reporting federal adjusted gross income of
20 twenty-nine thousand dollars or less, a refundable credit equal to a
21 percentage of the federal credit allowable under section 21 of the
22 Internal Revenue Code of 1986, as amended, whether or not the federal
23 credit was limited by the federal tax liability. The percentage of the
24 federal credit shall be one hundred percent for incomes not greater than
25 twenty-two thousand dollars, and the percentage shall be reduced by ten
26 percent for each one thousand dollars, or fraction thereof, by which the
27 reported federal adjusted gross income exceeds twenty-two thousand
28 dollars, except that for taxable years beginning or deemed to begin on or
29 after January 1, 2015, such refundable credit shall be allowed only if
30 the individual would have received the federal credit allowed under
31 section 21 of the code after adding back in any carryforward of a net

1 operating loss that was deducted pursuant to such section in determining
2 eligibility for the federal credit;

3 (c) A refundable credit as provided in section 77-5209.01 for
4 individuals who qualify for an income tax credit as a qualified beginning
5 farmer or livestock producer under the Beginning Farmer Tax Credit Act
6 for all taxable years beginning or deemed to begin on or after January 1,
7 2006, under the Internal Revenue Code of 1986, as amended;

8 (d) A refundable credit for individuals who qualify for an income
9 tax credit under the Angel Investment Tax Credit Act, the Nebraska
10 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
11 and Development Act, or the Volunteer Emergency Responders Incentive Act;
12 and

13 ~~(e)(i) (e)~~ A refundable credit equal to:

14 ~~(A) Ten~~ ~~ten~~ percent of the federal credit allowed under section 32
15 of the Internal Revenue Code of 1986, as amended, for taxable years
16 beginning or deemed to begin prior to January 1, 2025; and

17 (B) Fifteen percent of the federal credit allowed under section 32
18 of the Internal Revenue Code of 1986, as amended, for taxable years
19 beginning or deemed to begin on or after January 1, 2025.

20 ~~(ii) For~~ ~~except that~~ ~~for~~ taxable years beginning or deemed to begin
21 on or after January 1, 2015, the ~~such~~ refundable credit provided in
22 subdivision (2)(e)(i) of this section shall be allowed only if the
23 individual would have received the federal credit allowed under section
24 32 of the code after adding back in any carryforward of a net operating
25 loss that was deducted pursuant to such section in determining
26 eligibility for the federal credit.

27 (3) There shall be allowed to all individuals as a nonrefundable
28 credit against the income tax imposed by the Nebraska Revenue Act of
29 1967:

30 (a) A credit for personal exemptions allowed under section
31 77-2716.01;

1 (b) A credit for contributions to certified community betterment
2 programs as provided in the Community Development Assistance Act. Each
3 partner, each shareholder of an electing subchapter S corporation, each
4 beneficiary of an estate or trust, or each member of a limited liability
5 company shall report his or her share of the credit in the same manner
6 and proportion as he or she reports the partnership, subchapter S
7 corporation, estate, trust, or limited liability company income;

8 (c) A credit for investment in a biodiesel facility as provided in
9 section 77-27,236;

10 (d) A credit as provided in the New Markets Job Growth Investment
11 Act;

12 (e) A credit as provided in the Nebraska Job Creation and Mainstreet
13 Revitalization Act;

14 (f) A credit to employers as provided in sections 77-27,238 and
15 77-27,240;

16 (g) A credit as provided in the Affordable Housing Tax Credit Act;

17 (h) A credit to grocery store retailers, restaurants, and
18 agricultural producers as provided in section 77-27,241; and

19 (i) A credit as provided in the Opportunity Scholarships Act.

20 (4) There shall be allowed as a credit against the income tax
21 imposed by the Nebraska Revenue Act of 1967:

22 (a) A credit to all resident estates and trusts for taxes paid to
23 another state as provided in section 77-2730;

24 (b) A credit to all estates and trusts for contributions to
25 certified community betterment programs as provided in the Community
26 Development Assistance Act; and

27 (c) A refundable credit for individuals who qualify for an income
28 tax credit as an owner of agricultural assets under the Beginning Farmer
29 Tax Credit Act for all taxable years beginning or deemed to begin on or
30 after January 1, 2009, under the Internal Revenue Code of 1986, as
31 amended. The credit allowed for each partner, shareholder, member, or

1 beneficiary of a partnership, corporation, limited liability company, or
2 estate or trust qualifying for an income tax credit as an owner of
3 agricultural assets under the Beginning Farmer Tax Credit Act shall be
4 equal to the partner's, shareholder's, member's, or beneficiary's portion
5 of the amount of tax credit distributed pursuant to subsection (6) of
6 section 77-5211.

7 (5)(a) For all taxable years beginning on or after January 1, 2007,
8 and before January 1, 2009, under the Internal Revenue Code of 1986, as
9 amended, there shall be allowed to each partner, shareholder, member, or
10 beneficiary of a partnership, subchapter S corporation, limited liability
11 company, or estate or trust a nonrefundable credit against the income tax
12 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
13 partner's, shareholder's, member's, or beneficiary's portion of the
14 amount of franchise tax paid to the state under sections 77-3801 to
15 77-3807 by a financial institution.

16 (b) For all taxable years beginning on or after January 1, 2009,
17 under the Internal Revenue Code of 1986, as amended, there shall be
18 allowed to each partner, shareholder, member, or beneficiary of a
19 partnership, subchapter S corporation, limited liability company, or
20 estate or trust a nonrefundable credit against the income tax imposed by
21 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,
22 member's, or beneficiary's portion of the amount of franchise tax paid to
23 the state under sections 77-3801 to 77-3807 by a financial institution.

24 (c) Each partner, shareholder, member, or beneficiary shall report
25 his or her share of the credit in the same manner and proportion as he or
26 she reports the partnership, subchapter S corporation, limited liability
27 company, or estate or trust income. If any partner, shareholder, member,
28 or beneficiary cannot fully utilize the credit for that year, the credit
29 may not be carried forward or back.

30 (6) There shall be allowed to all individuals nonrefundable credits
31 against the income tax imposed by the Nebraska Revenue Act of 1967 as

1 provided in section 77-3604 and refundable credits against the income tax
2 imposed by the Nebraska Revenue Act of 1967 as provided in section
3 77-3605.

4 (7)(a) For taxable years beginning or deemed to begin on or after
5 January 1, 2020, and before January 1, 2026, under the Internal Revenue
6 Code of 1986, as amended, a nonrefundable credit against the income tax
7 imposed by the Nebraska Revenue Act of 1967 in the amount of five
8 thousand dollars shall be allowed to any individual who purchases a
9 residence during the taxable year if such residence:

10 (i) Is located within an area that has been declared an extremely
11 blighted area under section 18-2101.02;

12 (ii) Is the individual's primary residence; and

13 (iii) Was not purchased from a family member of the individual or a
14 family member of the individual's spouse.

15 (b) The credit provided in this subsection shall be claimed for the
16 taxable year in which the residence is purchased. If the individual
17 cannot fully utilize the credit for such year, the credit may be carried
18 forward to subsequent taxable years until fully utilized.

19 (c) No more than one credit may be claimed under this subsection
20 with respect to a single residence.

21 (d) The credit provided in this subsection shall be subject to
22 recapture by the Department of Revenue if the individual claiming the
23 credit sells or otherwise transfers the residence or quits using the
24 residence as his or her primary residence within five years after the end
25 of the taxable year in which the credit was claimed.

26 (e) For purposes of this subsection, family member means an
27 individual's spouse, child, parent, brother, sister, grandchild, or
28 grandparent, whether by blood, marriage, or adoption.

29 (8) There shall be allowed to all individuals refundable credits
30 against the income tax imposed by the Nebraska Revenue Act of 1967 as
31 provided in the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher

1 Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, and the
2 Renewable Chemical Production Tax Credit Act.

3 (9)(a) For taxable years beginning or deemed to begin on or after
4 January 1, 2022, under the Internal Revenue Code of 1986, as amended, a
5 refundable credit against the income tax imposed by the Nebraska Revenue
6 Act of 1967 shall be allowed to the parent of a stillborn child if:

7 (i) A fetal death certificate is filed pursuant to subsection (1) of
8 section 71-606 for such child;

9 (ii) Such child had advanced to at least the twentieth week of
10 gestation; and

11 (iii) Such child would have been a dependent of the individual
12 claiming the credit.

13 (b) The amount of the credit shall be two thousand dollars.

14 (c) The credit shall be allowed for the taxable year in which the
15 stillbirth occurred.

16 (10) There shall be allowed to all individuals refundable credits
17 against the income tax imposed by the Nebraska Revenue Act of 1967 as
18 provided in section 77-7203 and nonrefundable credits against the income
19 tax imposed by the Nebraska Revenue Act of 1967 as provided in section
20 77-7204.

21 Sec. 38. Section 77-27,142, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 77-27,142 (1) Any incorporated municipality other than a city of the
24 metropolitan class by ordinance of its governing body is hereby
25 authorized to impose a sales and use tax of one-half percent, one
26 percent, one and one-half percent, one and three-quarters percent, or two
27 percent upon the same transactions that are sourced under the provisions
28 of sections 77-2703.01 to 77-2703.04 within such incorporated
29 municipality on which the State of Nebraska is authorized to impose a tax
30 pursuant to the Nebraska Revenue Act of 1967, as amended from time to
31 time. Any city of the metropolitan class by ordinance of its governing

1 body is hereby authorized to impose a sales and use tax of one-half
2 percent, one percent, or one and one-half percent upon the same
3 transactions that are sourced under the provisions of sections 77-2703.01
4 to 77-2703.04 within such city of the metropolitan class on which the
5 State of Nebraska is authorized to impose a tax pursuant to the Nebraska
6 Revenue Act of 1967, as amended from time to time. No sales and use tax
7 shall be imposed pursuant to this section until an election has been held
8 and a majority of the qualified electors have approved such tax pursuant
9 to sections 77-27,142.01 and 77-27,142.02.

10 (2)(a) Any incorporated municipality that proposes to impose a
11 municipal sales and use tax at a rate greater than one and one-half
12 percent or increase a municipal sales and use tax to a rate greater than
13 one and one-half percent shall submit the question of such tax or
14 increase at a primary or general election held within the incorporated
15 municipality. The question shall be submitted upon an affirmative vote by
16 at least seventy percent of all of the members of the governing body of
17 the incorporated municipality.

18 (b) Any rate greater than one and one-half percent shall be used as
19 follows:

20 (i) In a city of the primary class, up to fifteen percent of the
21 proceeds from the rate in excess of one and one-half percent may be used
22 for non-public infrastructure projects of an interlocal agreement or
23 joint public agency agreement with another political subdivision within
24 the municipality or the county in which the municipality is located, and
25 the remaining proceeds shall be used for public infrastructure projects
26 or voter-approved infrastructure related to an economic development
27 program as defined in section 18-2705; and

28 (ii) In any incorporated municipality other than a city of the
29 primary class, the proceeds from the rate in excess of one and one-half
30 percent shall be used for public infrastructure projects or voter-
31 approved infrastructure related to an economic development program as

1 defined in section 18-2705.

2 For purposes of this section, public infrastructure project means
3 and includes, but is not limited to, any of the following projects, or
4 any combination thereof: Public highways and bridges and municipal roads,
5 streets, bridges, and sidewalks; solid waste management facilities;
6 wastewater, storm water, and water treatment works and systems, water
7 distribution facilities, and water resources projects, including, but not
8 limited to, pumping stations, transmission lines, and mains and their
9 appurtenances; hazardous waste disposal systems; resource recovery
10 systems; airports; port facilities; buildings and capital equipment used
11 in the operation of municipal government; convention and tourism
12 facilities; redevelopment projects as defined in section 18-2103; mass
13 transit and other transportation systems, including parking facilities;
14 and equipment necessary for the provision of municipal services.

15 (c) Any rate greater than one and one-half percent shall terminate
16 no more than ten years after its effective date or, if bonds are issued
17 and the local option sales and use tax revenue is pledged for payment of
18 such bonds, upon payment of such bonds and any refunding bonds, whichever
19 date is later, except as provided in subdivision (2)(d) of this section.

20 (d) If a portion of the rate greater than one and one-half percent
21 is stated in the ballot question as being imposed for the purpose of the
22 interlocal agreement or joint public agency agreement described in
23 subdivision (2)(b)(i) or subsection (3) of this section, and such portion
24 is at least one-eighth percent, there shall be no termination date for
25 the rate representing such portion rounded to the next higher one-quarter
26 or one-half percent.

27 ~~(e) Sections 13-518 to 13-522 apply to the revenue from any such tax~~
28 ~~or increase.~~

29 (3)(a) No municipal sales and use tax shall be imposed at a rate
30 greater than one and one-half percent or increased to a rate greater than
31 one and one-half percent unless the municipality is a party to an

1 interlocal agreement pursuant to the Interlocal Cooperation Act or a
2 joint public agency agreement pursuant to the Joint Public Agency Act
3 with a political subdivision within the municipality or the county in
4 which the municipality is located creating a separate legal or
5 administrative entity relating to a public infrastructure project.

6 (b) Except as provided in subdivision (2)(b)(i) of this section,
7 such interlocal agreement or joint public agency agreement shall contain
8 provisions, including benchmarks, relating to the long-term development
9 of unified governance of public infrastructure projects with respect to
10 the parties. The Legislature may provide additional requirements for such
11 agreements, including benchmarks, but such additional requirements shall
12 not apply to any debt outstanding at the time the Legislature enacts such
13 additional requirements. The separate legal or administrative entity
14 created shall not be one that was in existence for one calendar year
15 preceding the submission of the question of such tax or increase at a
16 primary or general election held within the incorporated municipality.

17 (c) Any other public agency as defined in section 13-803 may be a
18 party to such interlocal cooperation agreement or joint public agency
19 agreement.

20 (d) A municipality is not required to use all of the additional
21 revenue generated by a sales and use tax imposed at a rate greater than
22 one and one-half percent or increased to a rate greater than one and one-
23 half percent under this subsection for the purposes of the interlocal
24 cooperation agreement or joint public agency agreement set forth in this
25 subsection.

26 (4) The provisions of subsections (2) and (3) of this section do not
27 apply to the first one and one-half percent of a sales and use tax
28 imposed by a municipality.

29 (5) Notwithstanding any provision of any municipal charter, any
30 incorporated municipality or interlocal agency or joint public agency
31 pursuant to an agreement as provided in subsection (3) of this section

1 may issue bonds in one or more series for any municipal purpose and pay
2 the principal of and interest on any such bonds by pledging receipts from
3 the increase in the municipal sales and use taxes authorized by such
4 municipality. Any municipality which has or may issue bonds under this
5 section may dedicate a portion of its property tax levy authority as
6 provided in section 77-3442 to meet debt service obligations under the
7 bonds. For purposes of this subsection, bond means any evidence of
8 indebtedness, including, but not limited to, bonds, notes including notes
9 issued pending long-term financing arrangements, warrants, debentures,
10 obligations under a loan agreement or a lease-purchase agreement, or any
11 similar instrument or obligation.

12 Sec. 39. Section 77-27,144, Revised Statutes Cumulative Supplement,
13 2022, is amended to read:

14 77-27,144 (1) The Tax Commissioner shall collect the tax imposed by
15 any incorporated municipality concurrently with collection of a state tax
16 in the same manner as the state tax is collected. The Tax Commissioner
17 shall remit monthly the proceeds of the tax to the incorporated
18 municipalities levying the tax, after deducting the amount of refunds
19 made and three percent of the remainder to be credited to the Municipal
20 Equalization Fund.

21 (2)(a) Deductions for a refund made pursuant to section 77-4105,
22 77-4106, 77-5725, or 77-5726 and owed by a city of the first class, city
23 of the second class, or village shall be delayed for one year after the
24 refund has been made to the taxpayer. The Department of Revenue shall
25 notify the municipality liable for a refund exceeding one thousand five
26 hundred dollars of the pending refund, the amount of the refund, and the
27 month in which the deduction will be made or begin, except that if the
28 amount of a refund claimed under section 77-4105, 77-4106, 77-5725, or
29 77-5726 exceeds twenty-five percent of the municipality's total sales and
30 use tax receipts, net of any refunds or sales tax collection fees, for
31 the municipality's prior fiscal year, the department shall deduct the

1 refund over the period of one year in equal monthly amounts beginning
2 after the one-year notification period required by this subdivision.

3 (b) Deductions for a refund made pursuant to section 77-4105,
4 77-4106, 77-5725, or 77-5726 and owed by a city of the metropolitan class
5 or city of the primary class shall be made as follows:

6 (i) During calendar year 2023, such deductions shall be made in
7 accordance with subsection (1) of this section; and

8 (ii) During calendar year 2024 and each calendar year thereafter,
9 such deductions shall be made based on estimated amounts as described in
10 this subdivision. On or before March 1, 2023, and on or before March 1 of
11 each year thereafter, the Department of Revenue shall notify each city of
12 the metropolitan class and city of the primary class of the total amount
13 of such refunds that are estimated to be paid during the following
14 calendar year. Such estimated amount shall be used to establish the total
15 amount to be deducted in the following calendar year. The department
16 shall deduct such amount over the following calendar year in twelve equal
17 monthly amounts. Beginning with the notification sent in calendar year
18 2025, the notification shall include any adjustment needed for the prior
19 calendar year to account for any difference between the estimated amount
20 deducted in such prior calendar year and the actual amount of refunds
21 paid in such year.

22 (3) Deductions for a refund made pursuant to the Imagine Nebraska
23 Act shall be delayed as provided in this subsection after the refund has
24 been made to the taxpayer. The Department of Revenue shall notify each
25 municipality liable for a refund exceeding one thousand five hundred
26 dollars of the pending refund and the amount of the refund claimed under
27 the Imagine Nebraska Act. The notification shall be made by March 1 of
28 each year beginning in 2021 and shall be used to establish the refund
29 amount for the following calendar year. The notification shall include
30 any excess or underpayment from the prior calendar year. The department
31 shall deduct the refund over a period of one year in equal monthly

1 amounts beginning in January following the notification. This subsection
2 applies to total annual refunds exceeding one million dollars or twenty-
3 five percent of the municipality's total sales and use tax receipts for
4 the prior fiscal year, whichever is the lesser amount.

5 (4) Deductions for a refund made pursuant to the Urban Redevelopment
6 Act shall be delayed as provided in this subsection after the refund has
7 been made to the taxpayer. The Department of Revenue shall notify each
8 municipality liable for a refund exceeding one thousand five hundred
9 dollars of the pending refund and the amount of the refund claimed under
10 the Urban Redevelopment Act. The notification shall be made by March 1 of
11 each year beginning in 2022 and shall be used to establish the refund
12 amount for the following calendar year. The notification shall include
13 any excess or underpayment from the prior calendar year. The department
14 shall deduct the refund over a period of one year in equal monthly
15 amounts beginning in January following the notification. This subsection
16 applies to total annual refunds exceeding one million dollars or twenty-
17 five percent of the municipality's total sales and use tax receipts for
18 the prior fiscal year, whichever is the lesser amount.

19 (5) The Tax Commissioner shall keep full and accurate records of all
20 money received and distributed under the provisions of the Local Option
21 Revenue Act. When proceeds of a tax levy are received but the identity of
22 the incorporated municipality which levied the tax is unknown and is not
23 identified within six months after receipt, the amount shall be credited
24 to the Municipal Equalization Fund. The municipality may request the
25 names and addresses of the retailers which have collected the tax as
26 provided in subsection (13) of section 77-2711 and may certify an
27 individual to request and review confidential sales and use tax returns
28 and sales and use tax return information as provided in subsection (14)
29 of section 77-2711.

30 (6)(a) Every qualifying business that has filed an application to
31 receive tax incentives under the Employment and Investment Growth Act,

1 the Nebraska Advantage Act, the Imagine Nebraska Act, or the Urban
2 Redevelopment Act shall, with respect to such acts, provide annually to
3 each municipality, in aggregate data, the maximum amount the qualifying
4 business is eligible to receive in the current year in refunds of local
5 sales and use taxes of the municipality and exemptions for the previous
6 year, and the estimate of annual refunds of local sales and use taxes of
7 the municipality and exemptions such business intends to claim in each
8 future year. Such information shall be kept confidential by the
9 municipality unless publicly disclosed previously by the taxpayer or by
10 the State of Nebraska.

11 (b) For purposes of this subsection, municipality means a
12 municipality that has adopted the local option sales and use tax under
13 the Local Option Revenue Act and to which the qualifying business has
14 paid such sales and use tax.

15 (c) The qualifying business shall provide the information to the
16 municipality on or before June 30 of each year.

17 (d) Any amounts held by a municipality to make sales and use tax
18 refunds under the Employment and Investment Growth Act, the Nebraska
19 Advantage Act, the Imagine Nebraska Act, and the Urban Redevelopment Act
20 shall not count toward ~~any budgeted restricted funds limitation as~~
21 ~~provided in section 13-519 or toward~~ any cash reserve limitation as
22 provided in section 13-504 and shall be excluded from the limitations of
23 the Property Tax Growth Limitation Act.

24 Sec. 40. Section 77-3446, Revised Statutes Cumulative Supplement,
25 2022, is amended to read:

26 77-3446 Base limitation means the budget limitation rate applicable
27 to school districts and the limitation on growth of restricted funds
28 applicable to other political subdivisions prior to any increases in the
29 rate as a result of special actions taken by a supermajority of any
30 governing board or of any exception allowed by law. The base limitation
31 is three ~~two and one-half~~ percent until adjusted, except that the base

1 limitation for school districts ~~for school fiscal years 2017-18 and~~
2 ~~2018-19 is one and one-half percent and for school fiscal year 2019-20 is~~
3 two and one-half percent. The base limitation may be adjusted annually by
4 the Legislature to reflect changes in the prices of services and products
5 used by school districts and political subdivisions.

6 Sec. 41. Section 77-4008, Revised Statutes Supplement, 2023, is
7 amended to read:

8 77-4008 (1)(a) A tax is hereby imposed upon the first owner of
9 tobacco products to be sold in this state.

10 (b) The tax on snuff shall be forty-four cents per ounce and a
11 proportionate tax at the like rate on all fractional parts of an ounce.
12 Such tax shall be computed based on the net weight as listed by the
13 manufacturer.

14 (c) The tax on an electronic nicotine delivery system shall be
15 twenty percent of (i) the purchase price of such electronic nicotine
16 delivery system paid by the first owner or (ii) the price at which the
17 first owner who made, manufactured, or fabricated the electronic nicotine
18 delivery system sells the items to others.

19 ~~(c) The tax on an electronic nicotine delivery system containing~~
20 ~~three milliliters or less of consumable material shall be five cents per~~
21 ~~milliliter of consumable material and a proportionate tax at the like~~
22 ~~rate on all fractional parts of a milliliter.~~

23 ~~(d) The tax on an electronic nicotine delivery system containing~~
24 ~~more than three milliliters of consumable material shall be ten percent~~
25 ~~of (i) the purchase price of such electronic nicotine delivery system~~
26 ~~paid by the first owner or (ii) the price at which the first owner who~~
27 ~~made, manufactured, or fabricated the electronic nicotine delivery system~~
28 ~~sells the item to others.~~

29 (d) (e) For electronic nicotine delivery systems in the possession
30 of retail dealers for which tax has not been paid, the tax under this
31 subsection shall be imposed at the earliest time the retail dealer: (i)

1 Brings or causes to be brought into the state any electronic nicotine
2 delivery system for sale; (ii) makes, manufactures, or fabricates any
3 electronic nicotine delivery system in this state for sale in this state;
4 or (iii) sells any electronic nicotine delivery system to consumers
5 within this state.

6 ~~(e)~~ (f) The tax on tobacco products other than snuff and electronic
7 nicotine delivery systems shall be twenty percent of (i) the purchase
8 price of such tobacco products paid by the first owner or (ii) the price
9 at which a first owner who made, manufactured, or fabricated the tobacco
10 product sells the items to others.

11 ~~(f)~~ (g) The tax on tobacco products shall be in addition to all
12 other taxes.

13 (2) Whenever any person who is licensed under section 77-4009
14 purchases tobacco products from another person licensed under section
15 77-4009, the seller shall be liable for the payment of the tax.

16 (3) Amounts collected pursuant to this section shall be used and
17 distributed pursuant to section 77-4025.

18 Sec. 42. Section 77-4602, Revised Statutes Cumulative Supplement,
19 2022, is amended to read:

20 77-4602 (1) Within fifteen days after the end of each month, the Tax
21 Commissioner shall provide a public statement of actual General Fund net
22 receipts, a comparison of such actual net receipts to the monthly
23 estimated net receipts from the most recent forecast provided by the
24 Nebraska Economic Forecasting Advisory Board pursuant to section
25 77-27,158, and a comparison of such actual net receipts to the monthly
26 actual net receipts for the same month of the previous fiscal year.

27 (2) Within fifteen days after the end of each fiscal year, the
28 public statement shall also include (a) a summary of actual General Fund
29 net receipts and estimated General Fund net receipts for the fiscal year
30 as certified pursuant to sections 77-4601 and 77-4603 and (b) a
31 comparison of the actual General Fund net receipts for the fiscal year to

1 the actual General Fund net receipts for the previous fiscal year.

2 (3) If actual General Fund net receipts for the most recently
3 completed fiscal year exceed estimated General Fund net receipts for such
4 fiscal year, as reported pursuant to subsection (2) of this section, the
5 Tax Commissioner shall certify the excess amount to the State Treasurer.
6 The State Treasurer shall transfer the excess amount to the Cash Reserve
7 Fund, except as otherwise provided in subsection (4) of this section.

8 (4) If actual General Fund net receipts for the most recently
9 completed fiscal year exceed one hundred three and one-half percent of
10 actual General Fund net receipts for the previous fiscal year, the
11 transfer described in subsection (3) of this section shall be modified as
12 follows:

13 (a) The amount transferred to the Cash Reserve Fund shall be reduced
14 by the excess amount calculated under this subsection; and

15 (b) Such excess amount shall be transferred to the School Property
16 Tax Credit Fund.

17 ~~(3)(a) Within fifteen days after the end of fiscal year 2020-21 and~~
18 ~~each fiscal year thereafter through fiscal year 2022-23, the Tax~~
19 ~~Commissioner shall determine the balance of the Cash Reserve Fund.~~

20 ~~(b) If the balance of the Cash Reserve Fund is less than five~~
21 ~~hundred million dollars:~~

22 ~~(i) The Tax Commissioner shall determine:~~

23 ~~(A) Actual General Fund net receipts for the most recently completed~~
24 ~~fiscal year minus estimated General Fund net receipts for such fiscal~~
25 ~~year as certified pursuant to sections 77-4601 and 77-4603; and~~

26 ~~(B) Actual General Fund net receipts for the most recently completed~~
27 ~~fiscal year minus one hundred three and one-half percent of actual~~
28 ~~General Fund net receipts for the prior fiscal year.~~

29 ~~(ii) If the amounts calculated under subdivisions (3)(b)(i)(A) and~~
30 ~~(3)(b)(i)(B) of this section are both positive numbers, the Tax~~
31 ~~Commissioner shall certify (A) the amount determined under subdivision~~

1 ~~(3)(b)(i)(A) of this section and (B) fifty percent of the amount~~
2 ~~determined under subdivision (3)(b)(i)(B) of this section to the State~~
3 ~~Treasurer. The State Treasurer shall transfer the difference between the~~
4 ~~two certified amounts to the Cash Reserve Fund.~~

5 ~~(iii) If the amount calculated under subdivision (3)(b)(i)(A) of~~
6 ~~this section is a positive number but the amount calculated under~~
7 ~~subdivision (3)(b)(i)(B) of this section is a negative number, the Tax~~
8 ~~Commissioner shall certify the amount determined under subdivision (3)(b)~~
9 ~~(i)(A) of this section to the State Treasurer and the State Treasurer~~
10 ~~shall transfer such certified amount to the Cash Reserve Fund.~~

11 ~~(c) If the balance of the Cash Reserve Fund is five hundred million~~
12 ~~dollars or more:~~

13 ~~(i) The Tax Commissioner shall determine:~~

14 ~~(A) Actual General Fund net receipts for the most recently completed~~
15 ~~fiscal year minus estimated General Fund net receipts for such fiscal~~
16 ~~year as certified pursuant to sections 77-4601 and 77-4603; and~~

17 ~~(B) Actual General Fund net receipts for the most recently completed~~
18 ~~fiscal year minus one hundred three and one-half percent of actual~~
19 ~~General Fund net receipts for the prior fiscal year.~~

20 ~~(ii) If the amounts calculated under subdivisions (3)(c)(i)(A) and~~
21 ~~(3)(c)(i)(B) of this section are both positive numbers, the Tax~~
22 ~~Commissioner shall certify (A) the amount determined under subdivision~~
23 ~~(3)(c)(i)(A) of this section and (B) the amount determined under~~
24 ~~subdivision (3)(c)(i)(B) of this section to the State Treasurer. The~~
25 ~~State Treasurer shall transfer the difference between the two certified~~
26 ~~amounts to the Cash Reserve Fund.~~

27 ~~(iii) If the amount calculated under subdivision (3)(c)(i)(A) of~~
28 ~~this section is a positive number but the amount calculated under~~
29 ~~subdivision (3)(c)(i)(B) of this section is a negative number, the Tax~~
30 ~~Commissioner shall certify the amount determined under subdivision (3)(c)~~
31 ~~(i)(A) of this section to the State Treasurer and the State Treasurer~~

1 ~~shall transfer such certified amount to the Cash Reserve Fund.~~

2 ~~(4)(a) Within fifteen days after the end of fiscal year 2023-24 and~~
3 ~~each fiscal year thereafter, the Tax Commissioner shall determine the~~
4 ~~following:~~

5 ~~(i) Actual General Fund net receipts for the most recently completed~~
6 ~~fiscal year minus estimated General Fund net receipts for such fiscal~~
7 ~~year as certified pursuant to sections 77-4601 and 77-4603; and~~

8 ~~(ii) Fifty percent of the product of actual General Fund net~~
9 ~~receipts for the most recently completed fiscal year times the difference~~
10 ~~between the annual percentage increase in the actual General Fund net~~
11 ~~receipts for the most recently completed fiscal year and the average~~
12 ~~annual percentage increase in the actual General Fund net receipts over~~
13 ~~the twenty previous fiscal years, excluding the year in which the annual~~
14 ~~percentage change in actual General Fund net receipts is the lowest.~~

15 ~~(b) If the number determined under subdivision (4)(a)(i) of this~~
16 ~~section is a positive number, the Tax Commissioner shall immediately~~
17 ~~certify the greater of the two numbers determined under subdivision (4)~~
18 ~~(a) of this section to the director. The State Treasurer shall transfer~~
19 ~~the certified amount from the General Fund to the Cash Reserve Fund upon~~
20 ~~certification by the director of such amount. The transfer shall be made~~
21 ~~according to the following schedule:~~

22 ~~(i) An amount equal to the amount determined under subdivision (4)~~
23 ~~(a)(i) of this section shall be transferred immediately; and~~

24 ~~(ii) The remainder, if any, shall be transferred by the end of the~~
25 ~~subsequent fiscal year.~~

26 ~~(c) If the transfer required under subdivision (4)(b) of this~~
27 ~~section causes the balance in the Cash Reserve Fund to exceed sixteen~~
28 ~~percent of the total budgeted General Fund expenditures for the current~~
29 ~~fiscal year, such transfer shall be reduced so that the balance of the~~
30 ~~Cash Reserve Fund does not exceed such amount.~~

31 ~~(d) Nothing in this subsection prohibits the balance in the Cash~~

1 ~~Reserve Fund from exceeding sixteen percent of the total budgeted General~~
2 ~~Fund expenditures each fiscal year if the Legislature determines it~~
3 ~~necessary to prepare for and respond to budgetary requirements which may~~
4 ~~include, but are not limited to, capital construction projects and~~
5 ~~responses to emergencies.~~

6 Sec. 43. Section 77-6702, Revised Statutes Supplement, 2023, is
7 amended to read:

8 77-6702 For purposes of the Nebraska Property Tax Incentive Act:

9 ~~(1) Allowable growth percentage means the percentage increase, if~~
10 ~~any, in the total assessed value of all real property in the state from~~
11 ~~the prior year to the current year, as determined by the department;~~

12 ~~(1) (2) Community college taxes means property taxes levied on real~~
13 ~~property in this state by a community college area, excluding the~~
14 ~~following:~~

15 (a) Any property taxes levied for bonded indebtedness;

16 (b) Any property taxes levied as a result of an override of limits
17 on property tax levies approved by voters pursuant to section 77-3444;
18 and

19 (c) Any property taxes that, as of the time of payment, were
20 delinquent for five years or more;

21 ~~(2) (3) Department means the Department of Revenue;~~

22 ~~(3) (4) Eligible taxpayer means any individual, corporation,~~
23 ~~partnership, limited liability company, trust, estate, or other entity~~
24 ~~that pays school district taxes or community college taxes during a~~
25 ~~taxable year; and~~

26 ~~(4) (5) School district taxes means property taxes levied on real~~
27 ~~property in this state by a school district or multiple-district school~~
28 ~~system, excluding the following:~~

29 (a) Any property taxes levied for bonded indebtedness;

30 (b) Any property taxes levied as a result of an override of limits
31 on property tax levies approved by voters pursuant to section 77-3444;

1 and

2 (c) Any property taxes that, as of the time of payment, were
3 delinquent for five years or more.

4 Sec. 44. Section 77-6703, Revised Statutes Supplement, 2023, is
5 amended to read:

6 77-6703 (1) For taxable years beginning or deemed to begin on or
7 after January 1, 2020, and before January 1, 2024, under the Internal
8 Revenue Code of 1986, as amended, there shall be allowed to each eligible
9 taxpayer a refundable credit against the income tax imposed by the
10 Nebraska Revenue Act of 1967 or against the franchise tax imposed by
11 sections 77-3801 to 77-3807. The credit shall be equal to the credit
12 percentage for the taxable year, as set by the department under
13 subsection (2) of this section, multiplied by the amount of school
14 district taxes paid by the eligible taxpayer during such taxable year.

15 ~~(2)(a) For taxable years beginning or deemed to begin during~~
16 ~~calendar year 2020, the department shall set the credit percentage so~~
17 ~~that the total amount of credits for such taxable years shall be one~~
18 ~~hundred twenty-five million dollars;~~

19 ~~(b) For taxable years beginning or deemed to begin during calendar~~
20 ~~year 2021, the department shall set the credit percentage so that the~~
21 ~~total amount of credits for such taxable years shall be one hundred~~
22 ~~twenty-five million dollars plus either (i) the amount calculated for~~
23 ~~such calendar year under subdivision (3)(b)(ii)(B) of section 77-4602 or~~
24 ~~(ii) the amount calculated for such calendar year under subdivision (3)~~
25 ~~(c)(ii)(B) of section 77-4602, whichever is applicable;~~

26 ~~(2)(a) (c)~~ For taxable years beginning or deemed to begin during
27 calendar year 2022, the department shall set the credit percentage so
28 that the total amount of credits for such taxable years shall be five
29 hundred forty-eight million dollars; and

30 ~~(b) (d)~~ For taxable years beginning or deemed to begin during
31 calendar year 2023, the department shall set the credit percentage so

1 that the total amount of credits for such taxable years shall be five
2 hundred sixty million seven hundred thousand dollars. ;

3 ~~(e) For taxable years beginning or deemed to begin during calendar~~
4 ~~year 2024 through calendar year 2028, the department shall set the credit~~
5 ~~percentage so that the total amount of credits for such taxable years~~
6 ~~shall be the maximum amount of credits allowed in the prior year~~
7 ~~increased by the allowable growth percentage;~~

8 ~~(f) For taxable years beginning or deemed to begin during calendar~~
9 ~~year 2029, the department shall set the credit percentage so that the~~
10 ~~total amount of credits for such taxable years shall be the maximum~~
11 ~~amount of credits allowed in the prior year increased by the allowable~~
12 ~~growth percentage plus an additional seventy-five million dollars; and~~

13 ~~(g) For taxable years beginning or deemed to begin during calendar~~
14 ~~year 2030 and each calendar year thereafter, the department shall set the~~
15 ~~credit percentage so that the total amount of credits for such taxable~~
16 ~~years shall be the maximum amount of credits allowed in the prior year~~
17 ~~increased by the allowable growth percentage.~~

18 (3) If the school district taxes are paid by a corporation having an
19 election in effect under subchapter S of the Internal Revenue Code, a
20 partnership, a limited liability company, a trust, or an estate, the
21 amount of school district taxes paid during the taxable year may be
22 allocated to the shareholders, partners, members, or beneficiaries in the
23 same proportion that income is distributed for taxable years beginning or
24 deemed to begin before January 1, 2021, under the Internal Revenue Code
25 of 1986, as amended. The department shall provide forms and schedules
26 necessary for verifying eligibility for the credit provided in this
27 section and for allocating the school district taxes paid. For taxable
28 years beginning or deemed to begin on or after January 1, 2021, and
29 before January 1, 2024, under the Internal Revenue Code of 1986, as
30 amended, the refundable credit shall be claimed by the corporation having
31 an election in effect under subchapter S of the Internal Revenue Code,

1 the partnership, the limited liability company, the trust, or the estate
2 that paid the school district taxes.

3 (4) For any fiscal year or short year taxpayer, the credit may be
4 claimed in the first taxable year that begins following the calendar year
5 for which the credit percentage was determined. The credit shall be taken
6 for the school district taxes paid by the taxpayer during the immediately
7 preceding calendar year.

8 (5) For the first taxable year beginning or deemed to begin on or
9 after January 1, 2021, and before January 1, 2022, under the Internal
10 Revenue Code of 1986, as amended, for a corporation having an election in
11 effect under subchapter S of the Internal Revenue Code, a partnership, a
12 limited liability company, a trust, or an estate that paid school
13 district taxes in calendar year 2020 but did not claim the credit
14 directly or allocate such school district taxes to the shareholders,
15 partners, members, or beneficiaries as permitted under subsection (3) of
16 this section, there shall be allowed an additional refundable credit.
17 This credit shall be equal to six percent, multiplied by the amount of
18 school district taxes paid during 2020 by the eligible taxpayer.

19 Sec. 45. Section 79-3403, Revised Statutes Supplement, 2023, is
20 amended to read:

21 79-3403 (1) Except as provided in sections 79-3404 and 79-3405, a
22 school district's property tax request for any year shall not exceed the
23 school district's property tax request authority.

24 (2) The department shall calculate each school district's property
25 tax request authority on an annual basis as follows:

26 (a) The school district's property tax request from the prior year
27 shall be added to the non-property-tax revenue from the second most
28 recent year for which such information is available ~~prior year~~ minus any
29 investment income from special building funds from the second most recent
30 year for which such information is available ~~prior year~~, and the total
31 shall be increased by the school district's base growth percentage; and

1 (b) The amount determined under subdivision (2)(a) of this section
2 shall then be decreased by the amount of total non-property-tax revenue
3 for the most recent year for which such information is available ~~current~~
4 ~~year~~ and adjusted for any known or documented errors in documentation
5 received by the department from the school district. In determining the
6 total non-property-tax revenue for the most recent year for which such
7 information is available ~~current year~~, any category of non-property-tax
8 revenue for which there is insufficient data as of June 1 to make an
9 accurate determination shall be deemed to be equal to the prior year's
10 amount.

11 (3) The department shall certify the amount determined for each
12 school district under this section to the school board of such school
13 district. Such certified amount shall be the school district's property
14 tax request authority.

15 Sec. 46. Section 79-3406, Revised Statutes Supplement, 2023, is
16 amended to read:

17 79-3406 A school district may choose not to increase its property
18 tax request by the full amount allowed by the school district's property
19 tax request authority in a particular year. In such cases, the school
20 district may carry forward to future years the amount of unused property
21 tax request authority, excluding any unused amounts obtained pursuant to
22 subsection (2) of section 79-3405. The department shall calculate each
23 school district's unused property tax request authority and shall submit
24 an accounting of such amount to the school board of the school district.
25 Such unused property tax request authority may then be used in later
26 years for increases in the school district's property tax request.

27 Sec. 47. Section 81-12,193, Revised Statutes Cumulative Supplement,
28 2022, is amended to read:

29 81-12,193 (1) The Nebraska Transformational Project Fund is hereby
30 created. The fund shall receive money from application fees paid under
31 the Nebraska Transformational Projects Act and from appropriations from

1 the Legislature, grants, private contributions, repayments of matching
2 funds, and all other sources. Any money in the fund available for
3 investment shall be invested by the state investment officer pursuant to
4 the Nebraska Capital Expansion Act and the Nebraska State Funds
5 Investment Act.

6 (2) It is the intent of the Legislature that the State Treasurer
7 shall transfer an amount not to exceed three hundred million dollars to
8 the Nebraska Transformational Project Fund. Such transfers shall only
9 occur after the applicant has been selected for participation in the
10 program described in Title VII, Subtitle C, section 740 of Public Law
11 116-92 and commitments totaling one billion three hundred million dollars
12 in total investment, including only federal dollars and private
13 donations, have been secured. In no case shall any transfer occur before
14 fiscal year 2025-26 ~~or before the total amount of refundable credits~~
15 ~~granted annually under the Nebraska Property Tax Incentive Act reaches~~
16 ~~three hundred seventy-five million dollars.~~ Distributions shall only be
17 made from the fund in amounts equal to the amount of private dollars
18 received by the applicant for the project.

19 (3) Any money remaining in the fund after all obligations have been
20 met shall be transferred to the General Fund.

21 Sec. 48. This act becomes operative on July 1, 2024.

22 Sec. 49. Original sections 13-518, 13-519, 13-2817, 29-3933,
23 72-2305, 72-2306, 77-2704.24, and 77-27,142, Reissue Revised Statutes of
24 Nebraska, sections 77-382, 77-1776, 77-2602, 77-2701.16, 77-27,144,
25 77-3446, 77-4602, and 81-12,193, Revised Statutes Cumulative Supplement,
26 2022, and sections 77-1632, 77-1633, 77-1701, 77-2701, 77-2701.02,
27 77-2701.04, 77-2715.07, 77-4008, 77-6702, 77-6703, 79-3403, and 79-3406,
28 Revised Statutes Supplement, 2023, are repealed.

29 Sec. 50. The following section is outright repealed: Section
30 77-2704.38, Reissue Revised Statutes of Nebraska.

31 Sec. 51. Since an emergency exists, this act takes effect when

1 passed and approved according to law.