

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1415

Introduced by Dover, 19; at the request of the Governor.

Read first time January 18, 2024

Committee: Revenue

- 1 A BILL FOR AN ACT relating to revenue and taxation; to amend section
- 2 81-12,193, Revised Statutes Cumulative Supplement, 2022, and
- 3 sections 77-6702 and 77-6703, Revised Statutes Supplement, 2023; to
- 4 adopt the Property Tax Relief Act; to change the Nebraska Property
- 5 Tax Incentive Act as prescribed; to harmonize provisions; to repeal
- 6 the original sections; and to declare an emergency.
- 7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 7 of this act shall be known and may be
2 cited as the Property Tax Relief Act.

3 Sec. 2. The purpose of the Property Tax Relief Act is to provide
4 state funding directly to school districts, counties, cities, and
5 villages in exchange for direct property tax relief.

6 Sec. 3. For purposes of the Property Tax Relief Act:

7 (1) Department means the Department of Revenue;

8 (2) Municipality means a city or village in this state; and

9 (3) School district has the same meaning as in section 79-101.

10 Sec. 4. (1) For fiscal year 2024-25 and each fiscal year
11 thereafter, school districts shall receive disbursements from the state
12 as provided in this section. The amount disbursed to each school district
13 shall be equal to the amount available for disbursement, as determined
14 under subsection (2) of this section, multiplied by the ratio of the real
15 property valuation in the school district to the real property valuation
16 in the state. By September 15, the department shall determine the amount
17 to be disbursed under this subsection to each school district and certify
18 such amounts to the State Treasurer and to each school district. The
19 disbursements to the school districts shall occur in two equal payments,
20 the first on or before January 31 and the second on or before April 1.

21 (2) For fiscal year 2024-25, the amount available for disbursement
22 under this section shall be nine hundred eighty-nine million six hundred
23 thousand dollars. For fiscal year 2025-26 and each fiscal year
24 thereafter, the amount available for disbursement under this section
25 shall be the amount disbursed in the prior fiscal year plus three
26 percent.

27 (3) Amounts received under this section shall be shown as budgeted
28 non-property-tax receipts and shall be deducted prior to calculating the
29 property tax request in the school district's budget statement as
30 provided to the Auditor of Public Accounts pursuant to section 79-1024.

31 (4) The School District Property Tax Relief Cash Fund is created.

1 The fund shall be administered by the department and shall be used for
2 purposes of carrying out this section. The fund shall consist of money
3 transferred by the Legislature and gifts, grants, or bequests from any
4 source. Any money in the fund available for investment shall be invested
5 by the state investment officer pursuant to the Nebraska Capital
6 Expansion Act and the Nebraska State Funds Investment Act.

7 Sec. 5. (1) For fiscal year 2024-25 and each fiscal year
8 thereafter, counties shall receive disbursements from the state as
9 provided in this section. The amount disbursed to each county shall be
10 equal to the amount available for disbursement, as determined under
11 subsection (2) of this section, multiplied by the ratio of the real
12 property valuation in the county to the real property valuation in the
13 state. By September 15, the department shall determine the amount to be
14 disbursed under this subsection to each county and certify such amounts
15 to the State Treasurer and to each county. The disbursements to the
16 counties shall occur in two equal payments, the first on or before
17 January 31 and the second on or before April 1.

18 (2) For fiscal year 2024-25, the amount available for disbursement
19 under this section shall be four hundred thirty-seven million two hundred
20 thousand dollars. For fiscal year 2025-26 and each fiscal year
21 thereafter, the amount available for disbursement under this section
22 shall be the amount disbursed in the prior fiscal year plus fifteen
23 million dollars.

24 (3) Amounts received under this section shall be shown as budgeted
25 non-property-tax receipts and shall be deducted prior to calculating the
26 property tax request in the county's budget statement as provided to the
27 Auditor of Public Accounts pursuant to section 13-508.

28 (4) The County Property Tax Relief Cash Fund is created. The fund
29 shall be administered by the department and shall be used for purposes of
30 carrying out this section. The fund shall consist of money transferred by
31 the Legislature and gifts, grants, or bequests from any source. Any money

1 in the fund available for investment shall be invested by the state
2 investment officer pursuant to the Nebraska Capital Expansion Act and the
3 Nebraska State Funds Investment Act.

4 Sec. 6. (1) For fiscal year 2024-25 and each fiscal year
5 thereafter, municipalities shall receive disbursements from the state as
6 provided in this section. The amount disbursed to each municipality shall
7 be equal to the amount available for disbursement, as determined under
8 subsection (2) of this section, multiplied by the ratio of the real
9 property valuation in the municipality to the real property valuation of
10 all municipalities. By September 15, the department shall determine the
11 amount to be disbursed under this subsection to each municipality and
12 certify such amounts to the State Treasurer and to each municipality. The
13 disbursements to the municipalities shall occur in two equal payments,
14 the first on or before January 31 and the second on or before April 1.

15 (2) For fiscal year 2024-25, the amount available for disbursement
16 under this section shall be two hundred ninety-seven million one hundred
17 thousand dollars. For fiscal year 2025-26 and each fiscal year
18 thereafter, the amount available for disbursement under this section
19 shall be the amount disbursed in the prior fiscal year plus ten million
20 dollars.

21 (3) Amounts received under this section shall be shown as budgeted
22 non-property-tax receipts and shall be deducted prior to calculating the
23 property tax request in the municipality's budget statement as provided
24 to the Auditor of Public Accounts pursuant to section 13-508.

25 (4) The Municipal Property Tax Relief Cash Fund is created. The fund
26 shall be administered by the department and shall be used for purposes of
27 carrying out this section. The fund shall consist of money transferred by
28 the Legislature and gifts, grants, or bequests from any source. Any money
29 in the fund available for investment shall be invested by the state
30 investment officer pursuant to the Nebraska Capital Expansion Act and the
31 Nebraska State Funds Investment Act.

1 Sec. 7. The department may adopt and promulgate rules and
2 regulations for purposes of carrying out the Property Tax Relief Act.

3 Sec. 8. Section 77-6702, Revised Statutes Supplement, 2023, is
4 amended to read:

5 77-6702 For purposes of the Nebraska Property Tax Incentive Act:

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

9 (1) ~~(2)~~ Community college taxes means property taxes levied on real
10 property in this state by a community college area, excluding the
11 following:

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

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

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

18 (2) ~~(3)~~ Department means the Department of Revenue;

19 (3) ~~(4)~~ Eligible taxpayer means any individual, corporation,
20 partnership, limited liability company, trust, estate, or other entity
21 that pays school district taxes or community college taxes during a
22 taxable year; and

23 (4) ~~(5)~~ School district taxes means property taxes levied on real
24 property in this state by a school district or multiple-district school
25 system, excluding the following:

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

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

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

1 Sec. 9. Section 77-6703, Revised Statutes Supplement, 2023, is
2 amended to read:

3 77-6703 (1) For taxable years beginning or deemed to begin on or
4 after January 1, 2020, and before January 1, 2024, under the Internal
5 Revenue Code of 1986, as amended, there shall be allowed to each eligible
6 taxpayer a refundable credit against the income tax imposed by the
7 Nebraska Revenue Act of 1967 or against the franchise tax imposed by
8 sections 77-3801 to 77-3807. The credit shall be equal to the credit
9 percentage for the taxable year, as set by the department under
10 subsection (2) of this section, multiplied by the amount of school
11 district taxes paid by the eligible taxpayer during such taxable year.

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

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

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

27 (d) For taxable years beginning or deemed to begin during calendar
28 year 2023, the department shall set the credit percentage so that the
29 total amount of credits for such taxable years shall be five hundred
30 sixty million seven hundred thousand dollars. ÷

31 ~~(e) For taxable years beginning or deemed to begin during calendar~~

1 ~~year 2024 through calendar year 2028, the department shall set the credit~~
2 ~~percentage so that the total amount of credits for such taxable years~~
3 ~~shall be the maximum amount of credits allowed in the prior year~~
4 ~~increased by the allowable growth percentage;~~

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

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

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

31 (4) For any fiscal year or short year taxpayer, the credit may be

1 claimed in the first taxable year that begins following the calendar year
2 for which the credit percentage was determined. The credit shall be taken
3 for the school district taxes paid by the taxpayer during the immediately
4 preceding calendar year.

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

16 Sec. 10. Section 81-12,193, Revised Statutes Cumulative Supplement,
17 2022, is amended to read:

18 81-12,193 (1) The Nebraska Transformational Project Fund is hereby
19 created. The fund shall receive money from application fees paid under
20 the Nebraska Transformational Projects Act and from appropriations from
21 the Legislature, grants, private contributions, repayments of matching
22 funds, and all other sources. Any money in the fund available for
23 investment shall be invested by the state investment officer pursuant to
24 the Nebraska Capital Expansion Act and the Nebraska State Funds
25 Investment Act.

26 (2) It is the intent of the Legislature that the State Treasurer
27 shall transfer an amount not to exceed three hundred million dollars to
28 the Nebraska Transformational Project Fund. Such transfers shall only
29 occur after the applicant has been selected for participation in the
30 program described in Title VII, Subtitle C, section 740 of Public Law
31 116-92 and commitments totaling one billion three hundred million dollars

1 in total investment, including only federal dollars and private
2 donations, have been secured. In no case shall any transfer occur before
3 fiscal year 2025-26 ~~or before the total amount of refundable credits~~
4 ~~granted annually under the Nebraska Property Tax Incentive Act reaches~~
5 ~~three hundred seventy five million dollars.~~ Distributions shall only be
6 made from the fund in amounts equal to the amount of private dollars
7 received by the applicant for the project.

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

10 Sec. 11. Original section 81-12,193, Revised Statutes Cumulative
11 Supplement, 2022, and sections 77-6702 and 77-6703, Revised Statutes
12 Supplement, 2023, are repealed.

13 Sec. 12. Since an emergency exists, this act takes effect when
14 passed and approved according to law.