

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 776

FINAL READING

Introduced by Gloor, 35.

Read first time January 07, 2016

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 77-2704.24 and 77-2791, Reissue Revised Statutes of Nebraska,
3 sections 77-2712.03, 77-2793, and 77-3508, Revised Statutes
4 Cumulative Supplement, 2014, and section 77-2716, Revised Statutes
5 Supplement, 2015; to change provisions relating to a sales tax
6 exemption for food, the streamlined sales and use tax agreement,
7 income tax adjustments, income tax overpayments, claims for credit
8 or refund, and homestead exemptions; to provide operative dates; and
9 to repeal the original sections.
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2704.24, Reissue Revised Statutes of Nebraska,
2 is amended to read:

3 77-2704.24 (1) Sales and use taxes shall not be imposed on the gross
4 receipts from the sale, lease, or rental of and the storage, use, or
5 other consumption in this state of food or food ingredients except for
6 prepared food and food sold through vending machines.

7 (2) For purposes of this section:

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

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

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

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

1 (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 ~~and~~

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

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

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

14 (C) Food sold by a seller whose proper primary North American
15 Industry Classification System classification is manufacturing in sector
16 311, except subsector 3118, bakeries;

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

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

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

24 (f) Tobacco means cigarettes, cigars, chewing or pipe tobacco, or
25 any other item that contains tobacco.

26 Sec. 2. Section 77-2712.03, Revised Statutes Cumulative Supplement,
27 2014, is amended to read:

28 77-2712.03 (1) The streamlined sales and use tax agreement, as
29 adopted by the streamlined sales tax implementing states on November 12,
30 2002, including amendments through December 31, 2015 ~~2010~~, is hereby
31 ratified by the Legislature. The Governor shall enter into the agreement

1 with one or more states to simplify and modernize sales and use tax
2 administration in order to substantially reduce the burden of tax
3 compliance for all sellers and for all types of commerce. In furtherance
4 of the agreement, the Department of Revenue is authorized to act jointly
5 with other states that are members under Articles VII or VIII of the
6 agreement to establish standards for certification of a certified service
7 provider and certified automated system and establish performance
8 standards for multistate sellers. The department is further authorized to
9 take other actions permissible under law reasonably required to implement
10 the provisions set forth in the agreement. Other actions authorized by
11 this section include, but are not limited to, the adoption and
12 promulgation of rules and regulations and the joint procurement, with
13 other member states, of goods and services in furtherance of the
14 agreement.

15 (2) The Tax Commissioner or his or her designee and two
16 representatives of the Legislature appointed by the Executive Board of
17 the Legislative Council are authorized to represent Nebraska before the
18 other member states under the agreement. The state also agrees to
19 participate in and comply with the procedures of and decisions made by
20 the governing board of the member states. These provisions of the
21 agreement include the creation of the organization as provided in Article
22 VII of the agreement, the requirements for state entry and withdrawal as
23 provided in Article VIII of the agreement, amendments to the agreement as
24 provided in Article IX of the agreement, and a dispute resolution process
25 as provided in Article X of the agreement.

26 Sec. 3. Section 77-2716, Revised Statutes Supplement, 2015, is
27 amended to read:

28 77-2716 (1) The following adjustments to federal adjusted gross
29 income or, for corporations and fiduciaries, federal taxable income shall
30 be made for interest or dividends received:

31 (a)(i) ~~(a)~~ There shall be subtracted interest or dividends received

1 by the owner of obligations of the United States and its territories and
2 possessions or of any authority, commission, or instrumentality of the
3 United States to the extent includable in gross income for federal income
4 tax purposes but exempt from state income taxes under the laws of the
5 United States; and

6 (ii) There shall be subtracted interest received by the owner of
7 obligations of the State of Nebraska or its political subdivisions or
8 authorities which are Build America Bonds to the extent includable in
9 gross income for federal income tax purposes;

10 (b) There shall be subtracted that portion of the total dividends
11 and other income received from a regulated investment company which is
12 attributable to obligations described in subdivision (a) of this
13 subsection as reported to the recipient by the regulated investment
14 company;

15 (c) There shall be added interest or dividends received by the owner
16 of obligations of the District of Columbia, other states of the United
17 States, or their political subdivisions, authorities, commissions, or
18 instrumentalities to the extent excluded in the computation of gross
19 income for federal income tax purposes except that such interest or
20 dividends shall not be added if received by a corporation which is a
21 regulated investment company;

22 (d) There shall be added that portion of the total dividends and
23 other income received from a regulated investment company which is
24 attributable to obligations described in subdivision (c) of this
25 subsection and excluded for federal income tax purposes as reported to
26 the recipient by the regulated investment company; and

27 (e)(i) Any amount subtracted under this subsection shall be reduced
28 by any interest on indebtedness incurred to carry the obligations or
29 securities described in this subsection or the investment in the
30 regulated investment company and by any expenses incurred in the
31 production of interest or dividend income described in this subsection to

1 the extent that such expenses, including amortizable bond premiums, are
2 deductible in determining federal taxable income.

3 (ii) Any amount added under this subsection shall be reduced by any
4 expenses incurred in the production of such income to the extent
5 disallowed in the computation of federal taxable income.

6 (2) There shall be allowed a net operating loss derived from or
7 connected with Nebraska sources computed under rules and regulations
8 adopted and promulgated by the Tax Commissioner consistent, to the extent
9 possible under the Nebraska Revenue Act of 1967, with the laws of the
10 United States. For a resident individual, estate, or trust, the net
11 operating loss computed on the federal income tax return shall be
12 adjusted by the modifications contained in this section. For a
13 nonresident individual, estate, or trust or for a partial-year resident
14 individual, the net operating loss computed on the federal return shall
15 be adjusted by the modifications contained in this section and any
16 carryovers or carrybacks shall be limited to the portion of the loss
17 derived from or connected with Nebraska sources.

18 (3) There shall be subtracted from federal adjusted gross income for
19 all taxable years beginning on or after January 1, 1987, the amount of
20 any state income tax refund to the extent such refund was deducted under
21 the Internal Revenue Code, was not allowed in the computation of the tax
22 due under the Nebraska Revenue Act of 1967, and is included in federal
23 adjusted gross income.

24 (4) Federal adjusted gross income, or, for a fiduciary, federal
25 taxable income shall be modified to exclude the portion of the income or
26 loss received from a small business corporation with an election in
27 effect under subchapter S of the Internal Revenue Code or from a limited
28 liability company organized pursuant to the Nebraska Uniform Limited
29 Liability Company Act that is not derived from or connected with Nebraska
30 sources as determined in section 77-2734.01.

31 (5) There shall be subtracted from federal adjusted gross income or,

1 for corporations and fiduciaries, federal taxable income dividends
2 received or deemed to be received from corporations which are not subject
3 to the Internal Revenue Code.

4 (6) There shall be subtracted from federal taxable income a portion
5 of the income earned by a corporation subject to the Internal Revenue
6 Code of 1986 that is actually taxed by a foreign country or one of its
7 political subdivisions at a rate in excess of the maximum federal tax
8 rate for corporations. The taxpayer may make the computation for each
9 foreign country or for groups of foreign countries. The portion of the
10 taxes that may be deducted shall be computed in the following manner:

11 (a) The amount of federal taxable income from operations within a
12 foreign taxing jurisdiction shall be reduced by the amount of taxes
13 actually paid to the foreign jurisdiction that are not deductible solely
14 because the foreign tax credit was elected on the federal income tax
15 return;

16 (b) The amount of after-tax income shall be divided by one minus the
17 maximum tax rate for corporations in the Internal Revenue Code; and

18 (c) The result of the calculation in subdivision (b) of this
19 subsection shall be subtracted from the amount of federal taxable income
20 used in subdivision (a) of this subsection. The result of such
21 calculation, if greater than zero, shall be subtracted from federal
22 taxable income.

23 (7) Federal adjusted gross income shall be modified to exclude any
24 amount repaid by the taxpayer for which a reduction in federal tax is
25 allowed under section 1341(a)(5) of the Internal Revenue Code.

26 (8)(a) Federal adjusted gross income or, for corporations and
27 fiduciaries, federal taxable income shall be reduced, to the extent
28 included, by income from interest, earnings, and state contributions
29 received from the Nebraska educational savings plan trust created in
30 sections 85-1801 to 85-1814 and any account established under the
31 achieving a better life experience program as provided in sections

1 77-1401 to 77-1409.

2 (b) Federal adjusted gross income or, for corporations and
3 fiduciaries, federal taxable income shall be reduced by any contributions
4 as a participant in the Nebraska educational savings plan trust or
5 contributions to an account established under ~~in~~ the achieving a better
6 life experience program made for the benefit of a beneficiary as provided
7 in sections 77-1401 to 77-1409, to the extent not deducted for federal
8 income tax purposes, but not to exceed five thousand dollars per married
9 filing separate return or ten thousand dollars for any other return. With
10 respect to a qualified rollover within the meaning of section 529 of the
11 Internal Revenue Code from another state's plan, any interest, earnings,
12 and state contributions received from the other state's educational
13 savings plan which is qualified under section 529 of the code shall
14 qualify for the reduction provided in this subdivision. For contributions
15 by a custodian of a custodial account including rollovers from another
16 custodial account, the reduction shall only apply to funds added to the
17 custodial account after January 1, 2014.

18 (c) Federal adjusted gross income or, for corporations and
19 fiduciaries, federal taxable income shall be increased by:

20 (i) The ~~the~~ amount resulting from the cancellation of a
21 participation agreement refunded to the taxpayer as a participant in the
22 Nebraska educational savings plan trust to the extent previously deducted
23 under subdivision (8)(b) of this section; and

24 (ii) The amount of any withdrawals by the owner of an account
25 established under ~~as a contribution to the trust or in~~ the achieving a
26 better life experience program as provided in sections 77-1401 to 77-1409
27 for nonqualified expenses to the extent previously deducted under
28 subdivision (8)(b) of this section ~~, if applicable.~~

29 (9)(a) For income tax returns filed after September 10, 2001, for
30 taxable years beginning or deemed to begin before January 1, 2006, under
31 the Internal Revenue Code of 1986, as amended, federal adjusted gross

1 income or, for corporations and fiduciaries, federal taxable income shall
2 be increased by eighty-five percent of any amount of any federal bonus
3 depreciation received under the federal Job Creation and Worker
4 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,
5 under section 168(k) or section 1400L of the Internal Revenue Code of
6 1986, as amended, for assets placed in service after September 10, 2001,
7 and before December 31, 2005.

8 (b) For a partnership, limited liability company, cooperative,
9 including any cooperative exempt from income taxes under section 521 of
10 the Internal Revenue Code of 1986, as amended, limited cooperative
11 association, subchapter S corporation, or joint venture, the increase
12 shall be distributed to the partners, members, shareholders, patrons, or
13 beneficiaries in the same manner as income is distributed for use against
14 their income tax liabilities.

15 (c) For a corporation with a unitary business having activity both
16 inside and outside the state, the increase shall be apportioned to
17 Nebraska in the same manner as income is apportioned to the state by
18 section 77-2734.05.

19 (d) The amount of bonus depreciation added to federal adjusted gross
20 income or, for corporations and fiduciaries, federal taxable income by
21 this subsection shall be subtracted in a later taxable year. Twenty
22 percent of the total amount of bonus depreciation added back by this
23 subsection for tax years beginning or deemed to begin before January 1,
24 2003, under the Internal Revenue Code of 1986, as amended, may be
25 subtracted in the first taxable year beginning or deemed to begin on or
26 after January 1, 2005, under the Internal Revenue Code of 1986, as
27 amended, and twenty percent in each of the next four following taxable
28 years. Twenty percent of the total amount of bonus depreciation added
29 back by this subsection for tax years beginning or deemed to begin on or
30 after January 1, 2003, may be subtracted in the first taxable year
31 beginning or deemed to begin on or after January 1, 2006, under the

1 Internal Revenue Code of 1986, as amended, and twenty percent in each of
2 the next four following taxable years.

3 (10) For taxable years beginning or deemed to begin on or after
4 January 1, 2003, and before January 1, 2006, under the Internal Revenue
5 Code of 1986, as amended, federal adjusted gross income or, for
6 corporations and fiduciaries, federal taxable income shall be increased
7 by the amount of any capital investment that is expensed under section
8 179 of the Internal Revenue Code of 1986, as amended, that is in excess
9 of twenty-five thousand dollars that is allowed under the federal Jobs
10 and Growth Tax Act of 2003. Twenty percent of the total amount of
11 expensing added back by this subsection for tax years beginning or deemed
12 to begin on or after January 1, 2003, may be subtracted in the first
13 taxable year beginning or deemed to begin on or after January 1, 2006,
14 under the Internal Revenue Code of 1986, as amended, and twenty percent
15 in each of the next four following tax years.

16 (11)(a) Federal adjusted gross income shall be reduced by
17 contributions, up to two thousand dollars per married filing jointly
18 return or one thousand dollars for any other return, and any investment
19 earnings made as a participant in the Nebraska long-term care savings
20 plan under the Long-Term Care Savings Plan Act, to the extent not
21 deducted for federal income tax purposes.

22 (b) Federal adjusted gross income shall be increased by the
23 withdrawals made as a participant in the Nebraska long-term care savings
24 plan under the act by a person who is not a qualified individual or for
25 any reason other than transfer of funds to a spouse, long-term care
26 expenses, long-term care insurance premiums, or death of the participant,
27 including withdrawals made by reason of cancellation of the participation
28 agreement or termination of the plan, to the extent previously deducted
29 as a contribution or as investment earnings.

30 (12) There shall be added to federal adjusted gross income for
31 individuals, estates, and trusts any amount taken as a credit for

1 franchise tax paid by a financial institution under sections 77-3801 to
2 77-3807 as allowed by subsection (5) of section 77-2715.07.

3 (13) For taxable years beginning or deemed to begin on or after
4 January 1, 2015, under the Internal Revenue Code of 1986, as amended,
5 federal adjusted gross income shall be reduced by the amount received as
6 benefits under the federal Social Security Act which are included in the
7 federal adjusted gross income if:

8 (a) For taxpayers filing a married filing joint return, federal
9 adjusted gross income is fifty-eight thousand dollars or less; or

10 (b) For taxpayers filing any other return, federal adjusted gross
11 income is forty-three thousand dollars or less.

12 (14) For taxable years beginning or deemed to begin on or after
13 January 1, 2015, under the Internal Revenue Code of 1986, as amended, an
14 individual may make a one-time election within two calendar years after
15 the date of his or her retirement from the military to exclude income
16 received as a military retirement benefit by the individual to the extent
17 included in federal adjusted gross income and as provided in this
18 subsection. The individual may elect to exclude forty percent of his or
19 her military retirement benefit income for seven consecutive taxable
20 years beginning with the year in which the election is made or may elect
21 to exclude fifteen percent of his or her military retirement benefit
22 income for all taxable years beginning with the year in which he or she
23 turns sixty-seven years of age. For purposes of this subsection, military
24 retirement benefit means retirement benefits that are periodic payments
25 attributable to service in the uniformed services of the United States
26 for personal services performed by an individual prior to his or her
27 retirement.

28 Sec. 4. Section 77-2791, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 77-2791 (1) The Tax Commissioner, within the applicable period of
31 limitations, may credit an overpayment of income tax and interest on such

1 overpayment against any liability in respect of any tax imposed by the
2 tax laws of this state on the person who made the overpayment, and the
3 balance shall be refunded by the State Treasurer out of the General Fund.

4 (2) If the amount allowable as a credit for income tax withheld from
5 the taxpayer exceeds his or her tax to which the credit relates, the
6 excess shall be considered an overpayment.

7 (3) A refundable income tax credit is considered an overpayment even
8 if the taxpayer has no income tax liability prior to applying the
9 refundable credit.

10 (4 ~~3~~) If there has been an overpayment of tax required to be
11 deducted and withheld under section 77-2753, refund shall be made to the
12 employer or the payor only to the extent that the amount of the
13 overpayment was not deducted and withheld by the employer or the payor.

14 (5 ~~4~~) The Tax Commissioner may adopt and promulgate rules and
15 regulations providing for the crediting against the estimated income tax
16 for any taxable year of the amount determined to be an overpayment of the
17 income tax for a preceding taxable year.

18 (6 ~~5~~) If any amount of income tax is assessed or collected after the
19 expiration of the period of limitations properly applicable thereto, such
20 amount shall be considered an overpayment.

21 Sec. 5. Section 77-2793, Revised Statutes Cumulative Supplement,
22 2014, is amended to read:

23 77-2793 (1) A claim for credit or refund of an overpayment of any
24 income tax imposed by the Nebraska Revenue Act of 1967 shall be filed by
25 the taxpayer within three years from the time the return was filed or two
26 years from the time the tax was paid, whichever of such periods expires
27 later. If there was no return filed by the taxpayer, a A claim for credit
28 or refund of a refundable credit shall be filed by the taxpayer within
29 three years after the due date of the return for the year in which the
30 refundable credit was allowable. No credit or refund shall be allowed or
31 made after the expiration of the period of limitation prescribed in this

1 subsection for the filing of a claim for credit or refund unless a claim
2 for credit or refund is filed by the taxpayer within such period.

3 (2) If a claim for credit or refund of an overpayment ~~or for credit~~
4 ~~or refund of a refundable credit~~ is filed by the taxpayer during the
5 applicable three-year period prescribed in subsection (1) of this
6 section, the amount of the credit or refund shall not exceed the portion
7 of the tax paid or any refundable credit allowable within the three years
8 immediately preceding the filing of the claim plus the period of any
9 extension of time for filing the return if such return was filed prior to
10 the end of the extension of time. If a claim for credit or refund of an
11 overpayment is not filed within the three-year period prescribed in
12 subsection (1) of this section, but is filed within the two-year period
13 prescribed in subsection (1) of this section, the amount of the credit or
14 refund shall not exceed the portion of the tax paid or any refundable
15 credit allowable during the two years immediately preceding the filing of
16 the claim. If no claim is filed, the credit or refund shall not exceed
17 the amount which would be allowable under either of the preceding
18 sentences, as the case may be, if a claim was filed on the date the
19 credit or refund is allowed.

20 (3) If an agreement for an extension of the period for assessment of
21 income taxes is made within the period prescribed in subsection (1) of
22 this section for the filing of a claim for credit or refund, the period
23 for filing claim for credit or for making credit or refund if no claim is
24 filed shall not expire prior to six months after the expiration of the
25 period within which an assessment may be made pursuant to the agreement
26 or any extension thereof.

27 (4) If a taxpayer is required by subsection (1) of section 77-2775
28 to report a change or correction in federal adjusted gross income,
29 taxable income, or tax liability reported on his or her federal income
30 tax return, or to report a change or correction which is treated in the
31 same manner as if it were an overpayment for federal income tax purposes,

1 or to file an amended return with the Tax Commissioner, a claim for
2 credit or refund of any resulting overpayment of tax shall be filed by
3 the taxpayer within two years from the time the notice of such change or
4 correction or such amended return was required to be filed with the Tax
5 Commissioner. If the report or amended return is not filed within the
6 sixty-day period specified in such subsection, interest on any resulting
7 refund or credit shall cease to accrue after such sixtieth day. The
8 amount of such credit or refund shall not exceed the amount of the
9 reduction in tax attributable to such federal change, correction, or
10 items amended on the taxpayer's amended federal income tax return. This
11 subsection shall not affect the time within which or the amount for which
12 a claim for credit or refund may be filed apart from this subsection.

13 (5)(a) If a taxpayer is required by subsection (2) of section
14 77-2775 to report a change or correction in the amount of income taxable
15 or tax credit allowable in one or more states and such changes or
16 corrections when reflected in the return filed under the Nebraska Revenue
17 Act of 1967 as most recently amended would result in an overpayment of
18 tax, a claim for credit or refund shall be filed by the taxpayer within
19 the earlier of (i) two years from the time the notice of such change or
20 correction or such amended return was required to be filed with the Tax
21 Commissioner or (ii) ten years from the due date of the return.

22 (b) If the report or amended return is not filed within the sixty-
23 day period specified in such subsection, interest on any resulting refund
24 or credit shall cease to accrue after such sixtieth day. The amount of
25 such credit or refund shall not exceed the lesser of (i) the reduction in
26 tax attributable to the change or correction in the amount of income
27 taxable or the credit allowable in such other state in the return filed
28 under the Nebraska Revenue Act of 1967 or (ii) the increase in tax
29 actually paid to such other state or states.

30 (c) This subsection shall not affect the time within which or the
31 amount for which a claim for credit or refund may be filed apart from

1 this subsection. This subsection shall apply to changes or corrections
2 which become final on or after May 1, 1993.

3 (6) If the claim for credit or refund relates to an overpayment
4 attributable to a net operating loss carryback derived from or connected
5 with Nebraska sources, the claim may be made under rules and regulations
6 prescribed by the Tax Commissioner consistent, to the extent possible
7 under the Nebraska Revenue Act of 1967, with the laws of the United
8 States.

9 (7) For purposes of this section and section 77-2795, a timely filed
10 petition for redetermination shall be considered a claim for credit or
11 refund filed on the date the notice of deficiency determination was
12 mailed.

13 Sec. 6. Section 77-3508, Revised Statutes Cumulative Supplement,
14 2014, is amended to read:

15 77-3508 (1)(a) All homesteads in this state shall be assessed for
16 taxation the same as other property, except that there shall be exempt
17 from taxation, on any homestead described in subdivision (b) of this
18 subsection, a percentage of the exempt amount as limited by section
19 77-3506.03. The exemption shall be based on the household income of a
20 claimant pursuant to subsections (2) through (4) of this section.

21 (b) The exemption described in subdivision (a) of this subsection
22 shall apply to homesteads of:

23 (i) Veterans as defined in section 80-401.01 who were discharged or
24 otherwise separated with a characterization of honorable or general
25 (under honorable conditions) and who are totally disabled by a non-
26 service-connected accident or illness;

27 (ii) Individuals who have a permanent physical disability and have
28 lost all mobility so as to preclude locomotion without the ~~regular~~ use of
29 a mechanical aid or prostheses;

30 (iii) Individuals who have undergone amputation of both arms above
31 the elbow or who have a permanent partial disability of both arms in

1 excess of seventy-five percent; and

2 (iv) Beginning January 1, 2015, individuals who have a developmental
3 disability as defined in section 83-1205.

4 (c) Application for the exemption described in subdivision (a) of
5 this subsection shall include certification from a qualified medical
6 physician, physician assistant, or advanced practice registered nurse for
7 subdivisions (b)(i) through (b)(iii) of this subsection, certification
8 from the United States Department of Veterans Affairs affirming that the
9 homeowner is totally disabled due to non-service-connected accident or
10 illness for subdivision (b)(i) of this subsection, or certification from
11 the Department of Health and Human Services for subdivision (b)(iv) of
12 this subsection. Such certification from a qualified medical physician,
13 physician assistant, or advanced practice registered nurse or from the
14 Department of Health and Human Services shall be made on forms prescribed
15 by the Department of Revenue. If an individual described in subdivision
16 (b)(ii), (iii), or (iv) of this subsection is granted a homestead
17 exemption pursuant to this section for any year, such individual shall
18 not be required to submit the certification required under this
19 subdivision in succeeding years if no change in medical condition has
20 occurred, except that the county assessor or the Tax Commissioner may
21 request such certification to verify that no change in medical condition
22 has occurred.

23 (2) For 2014, for a married or closely related claimant as described
24 in subsection (1) of this section, the percentage of the exempt amount
25 for which the claimant shall be eligible shall be the percentage in
26 Column B which corresponds with the claimant's household income in Column
27 A in the table found in this subsection.

28	Column A	Column B
29	Household Income	Percentage
30	In Dollars	Of Relief
31	0 through 34,700	100

1	34,701 through 36,400	90
2	36,401 through 38,100	80
3	38,101 through 39,800	70
4	39,801 through 41,500	60
5	41,501 through 43,200	50
6	43,201 through 44,900	40
7	44,901 through 46,600	30
8	46,601 through 48,300	20
9	48,301 through 50,000	10
10	50,001 and over	0

11 (3) For 2014, for a single claimant as described in subsection (1)
 12 of this section, the percentage of the exempt amount for which the
 13 claimant shall be eligible shall be the percentage in Column B which
 14 corresponds with the claimant's household income in Column A in the table
 15 found in this subsection.

16	Column A	Column B
17	Household Income	Percentage
18	In Dollars	Of Relief
19	0 through 30,300	100
20	30,301 through 31,700	90
21	31,701 through 33,100	80
22	33,101 through 34,500	70
23	34,501 through 35,900	60
24	35,901 through 37,300	50
25	37,301 through 38,700	40
26	38,701 through 40,100	30
27	40,101 through 41,500	20
28	41,501 through 42,900	10
29	42,901 and over	0

30 (4) For exemption applications filed in calendar year 2015 and each

1 year thereafter, the income eligibility amounts in subsections (2) and
2 (3) of this section shall be adjusted for inflation by the method
3 provided in section 151 of the Internal Revenue Code. The income
4 eligibility amounts shall be adjusted for cumulative inflation since
5 2014. If any amount is not a multiple of one hundred dollars, the amount
6 shall be rounded to the next lower multiple of one hundred dollars.

7 Sec. 7. Sections 3, 4, 5, and 8 of this act become operative for
8 all taxable years beginning or deemed to begin on or after January 1,
9 2016, under the Internal Revenue Code of 1986, as amended. Sections 1 and
10 10 of this act become operative on October 1, 2016. Sections 6 and 11 of
11 this act become operative on January 1, 2017. The other sections of this
12 act become operative on their effective date.

13 Sec. 8. Original section 77-2791, Reissue Revised Statutes of
14 Nebraska, section 77-2793, Revised Statutes Cumulative Supplement, 2014,
15 and section 77-2716, Revised Statutes Supplement, 2015, are repealed.

16 Sec. 9. Original section 77-2712.03, Revised Statutes Cumulative
17 Supplement, 2014, is repealed.

18 Sec. 10. Original section 77-2704.24, Reissue Revised Statutes of
19 Nebraska, is repealed.

20 Sec. 11. Original section 77-3508, Revised Statutes Cumulative
21 Supplement, 2014, is repealed.