

LEGISLATIVE BILL 243

Approved by the Governor May 31, 2023

Introduced by Briese, 41; Ballard, 21; Lippincott, 34.

A BILL FOR AN ACT relating to revenue and taxation; to amend sections 77-5003, 77-5015.02, 85-1517, and 85-2231, Reissue Revised Statutes of Nebraska, and sections 77-1632, 77-1633, 77-1736.06, 77-3442, 77-4212, 77-5004, 77-6702, 77-6703, and 77-6706, Revised Statutes Cumulative Supplement, 2022; to adopt the School District Property Tax Limitation Act; to change provisions of the Property Tax Request Act, the interest rate for refunds or claims relating to taxes, community college area levying authority, provisions of the Property Tax Credit Act, provisions relating to the Tax Equalization and Review Commission, and provisions of the Nebraska Property Tax Incentive Act; to provide for distribution of aid and levying authority to community college areas as prescribed; to create a fund; to provide duties for the Coordinating Commission for Postsecondary Education and the State Treasurer; to harmonize provisions; to provide operative dates; to provide severability; to repeal the original sections; and to declare an emergency.

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

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

Sec. 2. For purposes of the School District Property Tax Limitation Act, unless the context otherwise requires:

(1) Approved bonds means (a) bonds that are issued by a school district after the question of issuing such bonds has been approved by the voters of such school district and (b) bonds that are issued by a school district pursuant to section 79-10,110, 79-10,110.01, or 79-10,110.02;

(2) Average daily membership has the same meaning as in section 79-1003;

(3) Base growth percentage means the sum of:

(a) Three percent;

(b) The annual percentage increase in the student enrollment of the school district multiplied by:

(i) One if the school district's student enrollment has grown by an average of at least three percent and by at least one hundred fifty students over the preceding three years;

(ii) Seven-tenths if the school district's student enrollment has grown by an average of at least three percent over the preceding three years; or

(iii) Four-tenths if subdivisions (3)(b)(i) and (3)(b)(ii) of this section do not apply;

(c) The percentage obtained by first dividing the annual increase in the total number of limited English proficiency students in the school district by the student enrollment of the school district and then multiplying the quotient by fifteen hundredths; and

(d) The percentage obtained by first dividing the annual increase in the total number of poverty students in the school district by the student enrollment of the school district and then multiplying the quotient by fifteen hundredths;

(4) Department means the State Department of Education;

(5) Non-property-tax revenue means revenue of a school district from all state and local sources other than real and personal property taxes. Non-property-tax revenue does not include grants, donations, bonds, all revenue from a school district that has been merged into another school district or dissolved, activity funds, bond funds, cooperative funds, depreciation funds, employee benefit funds, nutrition funds, qualified capital purpose undertaking funds, or student fee funds, insurance proceeds, proceeds from the sale of property including land, buildings, or capital assets in special building funds, or proceeds of financing;

(6) Property tax request means the total amount of property taxes for the general and special building funds requested to be raised for a school district through the levy imposed pursuant to section 77-1601;

(7) Property tax request authority means the amount that may be included in a property tax request for the general or special building funds of the school district as determined pursuant to the School District Property Tax Limitation Act;

(8) School board has the same meaning as in section 79-101;

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

(10) Student enrollment means the total number of students in the school district according to the fall school district membership report described in subsection (4) of section 79-528.

Sec. 3. (1) Except as provided in sections 4 and 5 of this act, a school district's property tax request for any year shall not exceed the school district's property tax request authority.

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

(a) The school district's property tax request from the prior year shall

be added to the non-property-tax revenue from the prior year minus any investment income from special building funds from the prior year, and the total shall be increased by the school district's base growth percentage; and

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

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

Sec. 4. The School District Property Tax Limitation Act shall not apply to that portion of a school district's property tax request that is needed to pay the principal and interest on approved bonds.

Sec. 5. (1) A school district's property tax request may exceed its property tax request authority by an amount approved by a sixty percent majority of legal voters voting on the issue at a special election called for such purpose upon the recommendation of the school board of such school district or upon the receipt by the county clerk or election commissioner of a petition requesting an election signed by at least five percent of the legal voters of the school district. The recommendation of the school board or the petition of the legal voters shall include the amount by which the school board would increase its property tax request for the year over and above the property tax request authority of such school district. The county clerk or election commissioner shall call for a special election on the issue within thirty days after the receipt of such school board recommendation or legal voter petition. The election shall be held pursuant to the Election Act, and all costs shall be paid by the school district.

(2)(a) A school district may increase the base growth percentage used to determine its property tax request authority under section 3 of this act by a percentage approved by an affirmative vote of at least seventy percent of the school board of such school district. The maximum base growth percentage that may be approved under this subsection shall be:

(i) The base growth percentage that would otherwise be applicable plus an additional seven percent for school districts with an average daily membership of no more than four hundred seventy-one students;

(ii) The base growth percentage that would otherwise be applicable plus an additional six percent for school districts with an average daily membership of more than four hundred seventy-one students but no more than three thousand forty-four students;

(iii) The base growth percentage that would otherwise be applicable plus an additional five percent for school districts with an average daily membership of more than three thousand forty-four students but no more than ten thousand students; or

(iv) The base growth percentage that would otherwise be applicable plus an additional four percent for school districts with an average daily membership of more than ten thousand students.

(b) Before a school board votes to increase a school district's base growth percentage under this subsection, the school board shall publish notice of the upcoming vote in a legal newspaper of general circulation in the school district. Such publication shall occur at least one week prior to the public meeting at which the vote will be taken.

(3) A school district's property tax request may exceed its property tax request authority pursuant to any property tax authority approved by the voters at a levy override election under section 77-3444 held prior to January 1, 2024.

Sec. 6. A school district may choose not to increase its property tax request by the full amount allowed by the school district's property tax request authority in a particular year. In such cases, the school district may carry forward to future years the amount of unused property tax request authority. The department shall calculate each school district's unused property tax request authority and shall submit an accounting of such amount to the school board of the school district. Such unused property tax request authority may then be used in later years for increases in the school district's property tax request.

Sec. 7. The department shall prepare documents to be submitted by school districts to aid the department in calculating each school district's property tax request authority and unused property tax request authority. Each school district shall submit such documents to the department on or before September 30 of each year. If a school district fails to submit such documents to the department or if the department determines from such documents that a school district is not complying with the limits provided in the School District Property Tax Limitation Act, the department shall notify the school district of its determination. The Commissioner of Education shall then direct that any state aid granted pursuant to the Tax Equity and Educational Opportunities Support Act be withheld until such time as the school district submits the required documents or complies with the School District Property Tax Limitation Act. The state aid shall be held for six months. If the school district complies within the six-month period, it shall receive the suspended state aid. If the school district fails to comply within the six-month period, the suspended state aid shall revert to the General Fund.

Sec. 8. The department may adopt and promulgate rules and regulations to carry out the School District Property Tax Limitation Act.

Sec. 9. Section 77-1632, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-1632 (1) If the annual assessment of property would result in an increase in the total property taxes levied by a county, city, village, school district, learning community, sanitary and improvement district, natural resources district, educational service unit, or community college, as determined using the previous year's rate of levy, such political subdivision's property tax request for the current year shall be no more than its property tax request in the prior year, and the political subdivision's rate of levy for the current year shall be decreased accordingly when such rate is set by the county board of equalization pursuant to section 77-1601. The governing body of the political subdivision shall pass a resolution or ordinance to set the amount of its property tax request after holding the public hearing required in subsection (3) of this section. If the governing body of a political subdivision seeks to set its property tax request at an amount that exceeds its property tax request in the prior year, it may do so to the extent allowed by law after holding the public hearing required in subsection (3) of this section and by passing a resolution or ordinance that complies with subsection (4) of this section. If any county, city, school district, or community college seeks to increase its property tax request by more than the allowable growth percentage, such political subdivision shall comply with the requirements of section 77-1633 in lieu of the requirements in subsections (3) and (4) of this section.

(2) If the annual assessment of property would result in no change or a decrease in the total property taxes levied by a county, city, village, school district, learning community, sanitary and improvement district, natural resources district, educational service unit, or community college, as determined using the previous year's rate of levy, such political subdivision's property tax request for the current year shall be no more than its property tax request in the prior year, and the political subdivision's rate of levy for the current year shall be adjusted accordingly when such rate is set by the county board of equalization pursuant to section 77-1601. The governing body of the political subdivision shall pass a resolution or ordinance to set the amount of its property tax request after holding the public hearing required in subsection (3) of this section. If the governing body of a political subdivision seeks to set its property tax request at an amount that exceeds its property tax request in the prior year, it may do so to the extent allowed by law after holding the public hearing required in subsection (3) of this section and by passing a resolution or ordinance that complies with subsection (4) of this section. If any county, city, school district, or community college seeks to increase its property tax request by more than the allowable growth percentage, such political subdivision shall comply with the requirements of section 77-1633 in lieu of the requirements in subsections (3) and (4) of this section.

(3) The resolution or ordinance required under this section shall only be passed after a special public hearing called for such purpose is held and after notice is published in a newspaper of general circulation in the area of the political subdivision at least four calendar days prior to the hearing. For purposes of such notice, the four calendar days shall include the day of publication but not the day of hearing. If the political subdivision's total operating budget, not including reserves, does not exceed ten thousand dollars per year or twenty thousand dollars per biennial period, the notice may be posted at the governing body's principal headquarters. The hearing notice shall contain the following information: The certified taxable valuation under section 13-509 for the prior year, the certified taxable valuation under section 13-509 for the current year, and the percentage increase or decrease in such valuations from the prior year to the current year; the dollar amount of the prior year's tax request and the property tax rate that was necessary to fund that tax request; the property tax rate that would be necessary to fund last year's tax request if applied to the current year's valuation; the proposed dollar amount of the tax request for the current year and the property tax rate that will be necessary to fund that tax request; the percentage increase or decrease in the property tax rate from the prior year to the current year; and the percentage increase or decrease in the total operating budget from the prior year to the current year.

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

- (a) The name of the political subdivision;
- (b) The amount of the property tax request;
- (c) The following statements:

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

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

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

- (iv) Based on the proposed property tax request and changes in other

revenue, the total operating budget of (name of political subdivision) will (increase or decrease) last year's budget by percent; and

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

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

Sec. 10. Section 77-1633, Revised Statutes Cumulative Supplement, 2022, is amended to read:

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

(2) If any political subdivision seeks to increase its property tax request by more than the allowable growth percentage, such political subdivision may do so to the extent allowed by law if:

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

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

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

(b) The joint public hearing shall be held on or after September 17 and prior to September 29 and before any of the participating political subdivisions file their adopted budget statement pursuant to section 13-508.

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

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

- (i) The name of the political subdivision;
- (ii) The amount of the property tax request; and
- (iii) The following statements:

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

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

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

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

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

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

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

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

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

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

(g) Each political subdivision that participates in the joint public hearing shall send the information prescribed in subdivision (3)(h) of this section to the county clerk by September 5. The county clerk shall transmit the information to the county assessor no later than September 10. The county clerk shall notify each participating political subdivision of the date, time, and location of the joint public hearing. The county assessor shall send the information required to be included on the postcards pursuant to subdivision (3)(h) of this section to a printing service designated by the county board. The initial cost for printing the postcards shall be paid from the county general fund. Such postcards shall be mailed at least seven calendar days before the joint public hearing. The cost of creating and mailing the postcards, including staff time, materials, and postage, shall be charged proportionately to the political subdivisions participating in the joint public hearing based on the total number of parcels in each participating political subdivision.

(h) The postcard sent under this subsection and the notice posted on the county's website, if required under subdivision (3)(f)(ii) of this section, and

published in the newspaper shall include the date, time, and location for the joint public hearing, a listing of and telephone number for each political subdivision that will be participating in the joint public hearing, and the amount of each participating political subdivision's property tax request. The postcard shall also contain the following information:

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

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

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

(iv) The parcel number for the property;

(v) The name of the property owner and the address of the property;

(vi) The property's assessed value in the previous tax year;

(vii) The amount of property taxes due in the previous tax year for each participating political subdivision;

(viii) The property's assessed value for the current tax year;

(ix) The amount of property taxes due for the current tax year for each participating political subdivision;

(x) The change in the amount of property taxes due for each participating political subdivision from the previous tax year to the current tax year; and

(xi) The following statement: To obtain more information regarding the tax increase, citizens may contact the political subdivision at the telephone number provided in this notice.

(4) After the joint public hearing required in subsection (3) of this section, the governing body of each participating political subdivision shall pass an ordinance or resolution to set such political subdivision's property tax request. If the political subdivision is increasing its property tax request over the amount from the prior year, including any increase in excess of the allowable growth percentage, then such ordinance or resolution shall include, but not be limited to, the following information:

(a) The name of the political subdivision;

(b) The amount of the property tax request;

(c) The following statements:

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

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

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

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

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

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

(6) The county clerk, or his or her designee, shall prepare a report which shall include (a) the names of the representatives of the political subdivisions participating in the joint public hearing and (b) the name and address of each individual who spoke at the joint public hearing, unless the address requirement is waived to protect the security of the individual, and the name of any organization represented by each such individual. Such report shall be delivered to the political subdivisions participating in the joint public hearing within ten days after such hearing.

Sec. 11. Section 77-1736.06, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-1736.06 The following procedure shall apply when making a property tax refund:

(1) Within thirty days of the entry of a final nonappealable order, an unprotested determination of a county assessor, an unappealed decision of a county board of equalization, or other final action requiring a refund of real or personal property taxes paid or, for property valued by the state, within thirty days of a recertification of value by the Property Tax Administrator pursuant to section 77-1775 or 77-1775.01, the county assessor shall determine the amount of refund due the person entitled to the refund, certify that amount to the county treasurer, and send a copy of such certification to the person entitled to the refund. Within thirty days from the date the county assessor certifies the amount of the refund, the county treasurer shall notify each political subdivision, including any school district receiving a distribution pursuant to section 79-1073 and any land bank receiving real property taxes pursuant to subdivision (3)(a) of section 18-3411, of its respective share of the refund, except that for any political subdivision whose share of the refund is two hundred dollars or less, the county board may waive this notice

requirement. Notification shall be by first-class mail, postage prepaid, to the last-known address of record of the political subdivision. The county treasurer shall pay the refund from funds in his or her possession belonging to any political subdivision, including any school district receiving a distribution pursuant to section 79-1073 and any land bank receiving real property taxes pursuant to subdivision (3)(a) of section 18-3411, which received any part of the tax or penalty being refunded. If sufficient funds are not available, the county treasurer shall register the refund or portion thereof which remains unpaid as a claim against such political subdivision and shall issue the person entitled to the refund a receipt for the registration of the claim;

(2) The refund of a tax or penalty or the receipt for the registration of a claim made or issued pursuant to this section shall be satisfied in full as soon as practicable. If a receipt for the registration of a claim is given:

(a) The governing body of the political subdivision shall make provisions in its next budget for the amount of such claim; or

(b) If mutually agreed to by the governing body of the political subdivision and the person holding the receipt, such receipt shall be applied to satisfy any tax levied or assessed by that political subdivision which becomes due from the person holding the receipt until the claim is satisfied in full;

(3) The county treasurer shall mail the refund or the receipt by first-class mail, postage prepaid, to the last-known address of the person entitled thereto. Multiple refunds to the same person may be combined into one refund. If a refund is not claimed by June 1 of the year following the year of mailing, the refund shall be canceled and the resultant amount credited to the various funds originally charged;

(4) When the refund involves property valued by the state, the Tax Commissioner shall be authorized to negotiate a settlement of the amount of the refund or claim due pursuant to this section on behalf of the political subdivision from which such refund or claim is due. Any political subdivision which does not agree with the settlement terms as negotiated may reject such terms, and the refund or claim due from the political subdivision then shall be satisfied as set forth in this section as if no such negotiation had occurred;

(5) In the event that the Legislature appropriates state funds to be disbursed for the purposes of satisfying all or any portion of any refund or claim, the Tax Commissioner shall order the county treasurer to disburse such refund amounts directly to the persons entitled to the refund in partial or total satisfaction of such persons' claims. The county treasurer shall disburse such amounts within forty-five days after receipt thereof;

(6) If all or any portion of the refund is reduced by way of settlement or forgiveness by the person entitled to the refund, the proportionate amount of the refund that was paid by an appropriation of state funds shall be reimbursed by the county treasurer to the State Treasurer within forty-five days after receipt of the settlement agreement or receipt of the forgiven refund. The amount so reimbursed shall be credited to the General Fund; and

(7) For any refund or claim due under this section, interest shall accrue on the unpaid balance at the rate of fourteen ~~nine~~ percent beginning thirty days after the date the county assessor certifies the amount of refund based upon the final nonappealable order or other action approving the refund.

Sec. 12. Section 77-3442, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-3442 (1) Property tax levies for the support of local governments for fiscal years beginning on or after July 1, 1998, shall be limited to the amounts set forth in this section except as provided in section 77-3444.

(2)(a) Except as provided in subdivisions (2)(b) and (2)(e) of this section, school districts and multiple-district school systems may levy a maximum levy of one dollar and five cents per one hundred dollars of taxable valuation of property subject to the levy.

(b) For each fiscal year prior to fiscal year 2017-18, learning communities may levy a maximum levy for the general fund budgets of member school districts of ninety-five cents per one hundred dollars of taxable valuation of property subject to the levy. The proceeds from the levy pursuant to this subdivision shall be distributed pursuant to section 79-1073.

(c) Except as provided in subdivision (2)(e) of this section, for each fiscal year prior to fiscal year 2017-18, school districts that are members of learning communities may levy for purposes of such districts' general fund budget and special building funds a maximum combined levy of the difference of one dollar and five cents on each one hundred dollars of taxable property subject to the levy minus the learning community levy pursuant to subdivision (2)(b) of this section for such learning community.

(d) Excluded from the limitations in subdivisions (2)(a) and (2)(c) of this section are (i) amounts levied to pay for current and future sums agreed to be paid by a school district to certificated employees in exchange for a voluntary termination of employment occurring prior to September 1, 2017, (ii) amounts levied by a school district otherwise at the maximum levy pursuant to subdivision (2)(a) of this section to pay for current and future qualified voluntary termination incentives for certificated teachers pursuant to subsection (3) of section 79-8,142 that are not otherwise included in an exclusion pursuant to subdivision (2)(d) of this section, (iii) amounts levied by a school district otherwise at the maximum levy pursuant to subdivision (2)(a) of this section to pay for seventy-five percent of the current and future sums agreed to be paid to certificated employees in exchange for a voluntary termination of employment occurring between September 1, 2017, and August 31,

2018, as a result of a collective-bargaining agreement in force and effect on September 1, 2017, that are not otherwise included in an exclusion pursuant to subdivision (2)(d) of this section, (iv) amounts levied by a school district otherwise at the maximum levy pursuant to subdivision (2)(a) of this section to pay for fifty percent of the current and future sums agreed to be paid to certificated employees in exchange for a voluntary termination of employment occurring between September 1, 2018, and August 31, 2019, as a result of a collective-bargaining agreement in force and effect on September 1, 2017, that are not otherwise included in an exclusion pursuant to subdivision (2)(d) of this section, (v) amounts levied by a school district otherwise at the maximum levy pursuant to subdivision (2)(a) of this section to pay for twenty-five percent of the current and future sums agreed to be paid to certificated employees in exchange for a voluntary termination of employment occurring between September 1, 2019, and August 31, 2020, as a result of a collective-bargaining agreement in force and effect on September 1, 2017, that are not otherwise included in an exclusion pursuant to subdivision (2)(d) of this section, (vi) amounts levied in compliance with sections 79-10,110 and 79-10,110.02, and (vii) amounts levied to pay for special building funds and sinking funds established for projects commenced prior to April 1, 1996, for construction, expansion, or alteration of school district buildings. For purposes of this subsection, commenced means any action taken by the school board on the record which commits the board to expend district funds in planning, constructing, or carrying out the project.

(e) Federal aid school districts may exceed the maximum levy prescribed by subdivision (2)(a) or (2)(c) of this section only to the extent necessary to qualify to receive federal aid pursuant to Title VIII of Public Law 103-382, as such title existed on September 1, 2001. For purposes of this subdivision, federal aid school district means any school district which receives ten percent or more of the revenue for its general fund budget from federal government sources pursuant to Title VIII of Public Law 103-382, as such title existed on September 1, 2001.

(f) For each fiscal year, learning communities may levy a maximum levy of one-half cent on each one hundred dollars of taxable property subject to the levy for elementary learning center facility leases, for remodeling of leased elementary learning center facilities, and for up to fifty percent of the estimated cost for focus school or program capital projects approved by the learning community coordinating council pursuant to section 79-2111.

(g) For each fiscal year, learning communities may levy a maximum levy of one and one-half cents on each one hundred dollars of taxable property subject to the levy for early childhood education programs for children in poverty, for elementary learning center employees, for contracts with other entities or individuals who are not employees of the learning community for elementary learning center programs and services, and for pilot projects, except that no more than ten percent of such levy may be used for elementary learning center employees.

(3) For each fiscal year through fiscal year 2023-24, community college areas may levy the levies provided in subdivisions (2)(a) through (c) of section 85-1517, in accordance with the provisions of such subdivisions. For fiscal year 2024-25 and each fiscal year thereafter, community college areas may levy the levies provided in subdivisions (2)(a) and (b) of section 85-1517, in accordance with the provisions of such subdivisions. A community college area may exceed the levy provided in subdivision (2)(a) of section 85-1517 by the amount necessary to generate sufficient revenue as described in section 21 or 23 of this act. A community college area may exceed the levy provided in subdivision (2)(b) of section 85-1517 by the amount necessary to retire general obligation bonds assumed by the community college area or issued pursuant to section 85-1515 according to the terms of such bonds or for any obligation pursuant to section 85-1535 entered into prior to January 1, 1997.

(4)(a) Natural resources districts may levy a maximum levy of four and one-half cents per one hundred dollars of taxable valuation of property subject to the levy.

(b) Natural resources districts shall also have the power and authority to levy a tax equal to the dollar amount by which their restricted funds budgeted to administer and implement ground water management activities and integrated management activities under the Nebraska Ground Water Management and Protection Act exceed their restricted funds budgeted to administer and implement ground water management activities and integrated management activities for FY2003-04, not to exceed one cent on each one hundred dollars of taxable valuation annually on all of the taxable property within the district.

(c) In addition, natural resources districts located in a river basin, subbasin, or reach that has been determined to be fully appropriated pursuant to section 46-714 or designated as overappropriated pursuant to section 46-713 by the Department of Natural Resources shall also have the power and authority to levy a tax equal to the dollar amount by which their restricted funds budgeted to administer and implement ground water management activities and integrated management activities under the Nebraska Ground Water Management and Protection Act exceed their restricted funds budgeted to administer and implement ground water management activities and integrated management activities for FY2005-06, not to exceed three cents on each one hundred dollars of taxable valuation on all of the taxable property within the district for fiscal year 2006-07 and each fiscal year thereafter through fiscal year 2017-18.

(5) Any educational service unit authorized to levy a property tax

pursuant to section 79-1225 may levy a maximum levy of one and one-half cents per one hundred dollars of taxable valuation of property subject to the levy.

(6)(a) Incorporated cities and villages which are not within the boundaries of a municipal county may levy a maximum levy of forty-five cents per one hundred dollars of taxable valuation of property subject to the levy plus an additional five cents per one hundred dollars of taxable valuation to provide financing for the municipality's share of revenue required under an agreement or agreements executed pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act. The maximum levy shall include amounts levied to pay for sums to support a library pursuant to section 51-201, museum pursuant to section 51-501, visiting community nurse, home health nurse, or home health agency pursuant to section 71-1637, or statue, memorial, or monument pursuant to section 80-202.

(b) Incorporated cities and villages which are within the boundaries of a municipal county may levy a maximum levy of ninety cents per one hundred dollars of taxable valuation of property subject to the levy. The maximum levy shall include amounts paid to a municipal county for county services, amounts levied to pay for sums to support a library pursuant to section 51-201, a museum pursuant to section 51-501, a visiting community nurse, home health nurse, or home health agency pursuant to section 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

(7) Sanitary and improvement districts which have been in existence for more than five years may levy a maximum levy of forty cents per one hundred dollars of taxable valuation of property subject to the levy, and sanitary and improvement districts which have been in existence for five years or less shall not have a maximum levy. Unconsolidated sanitary and improvement districts which have been in existence for more than five years and are located in a municipal county may levy a maximum of eighty-five cents per hundred dollars of taxable valuation of property subject to the levy.

(8) Counties may levy or authorize a maximum levy of fifty cents per one hundred dollars of taxable valuation of property subject to the levy, except that five cents per one hundred dollars of taxable valuation of property subject to the levy may only be levied to provide financing for the county's share of revenue required under an agreement or agreements executed pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act. The maximum levy shall include amounts levied to pay for sums to support a library pursuant to section 51-201 or museum pursuant to section 51-501. The county may allocate up to fifteen cents of its authority to other political subdivisions subject to allocation of property tax authority under subsection (1) of section 77-3443 and not specifically covered in this section to levy taxes as authorized by law which do not collectively exceed fifteen cents per one hundred dollars of taxable valuation on any parcel or item of taxable property. The county may allocate to one or more other political subdivisions subject to allocation of property tax authority by the county under subsection (1) of section 77-3443 some or all of the county's five cents per one hundred dollars of valuation authorized for support of an agreement or agreements to be levied by the political subdivision for the purpose of supporting that political subdivision's share of revenue required under an agreement or agreements executed pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act. If an allocation by a county would cause another county to exceed its levy authority under this section, the second county may exceed the levy authority in order to levy the amount allocated.

(9) Municipal counties may levy or authorize a maximum levy of one dollar per one hundred dollars of taxable valuation of property subject to the levy. The municipal county may allocate levy authority to any political subdivision or entity subject to allocation under section 77-3443.

(10) Beginning July 1, 2016, rural and suburban fire protection districts may levy a maximum levy of ten and one-half cents per one hundred dollars of taxable valuation of property subject to the levy if (a) such district is located in a county that had a levy pursuant to subsection (8) of this section in the previous year of at least forty cents per one hundred dollars of taxable valuation of property subject to the levy or (b) such district had a levy request pursuant to section 77-3443 in any of the three previous years and the county board of the county in which the greatest portion of the valuation of such district is located did not authorize any levy authority to such district in such year.

(11) A regional metropolitan transit authority may levy a maximum levy of ten cents per one hundred dollars of taxable valuation of property subject to the levy for each fiscal year that commences on the January 1 that follows the effective date of the conversion of the transit authority established under the Transit Authority Law into the regional metropolitan transit authority.

(12) Property tax levies (a) for judgments, except judgments or orders from the Commission of Industrial Relations, obtained against a political subdivision which require or obligate a political subdivision to pay such judgment, to the extent such judgment is not paid by liability insurance coverage of a political subdivision, (b) for preexisting lease-purchase contracts approved prior to July 1, 1998, (c) for bonds as defined in section 10-134 approved according to law and secured by a levy on property except as provided in section 44-4317 for bonded indebtedness issued by educational service units and school districts, (d) for payments by a public airport to retire interest-free loans from the Division of Aeronautics of the Department of Transportation in lieu of bonded indebtedness at a lower cost to the public airport, and (e) to pay for cancer benefits provided on or after January 1,

2022, pursuant to the Firefighter Cancer Benefits Act are not included in the levy limits established by this section.

(13) The limitations on tax levies provided in this section are to include all other general or special levies provided by law. Notwithstanding other provisions of law, the only exceptions to the limits in this section are those provided by or authorized by sections 77-3442 to 77-3444.

(14) Tax levies in excess of the limitations in this section shall be considered unauthorized levies under section 77-1606 unless approved under section 77-3444.

(15) For purposes of sections 77-3442 to 77-3444, political subdivision means a political subdivision of this state and a county agricultural society.

(16) For school districts that file a binding resolution on or before May 9, 2008, with the county assessors, county clerks, and county treasurers for all counties in which the school district has territory pursuant to subsection (7) of section 79-458, if the combined levies, except levies for bonded indebtedness approved by the voters of the school district and levies for the refinancing of such bonded indebtedness, are in excess of the greater of (a) one dollar and twenty cents per one hundred dollars of taxable valuation of property subject to the levy or (b) the maximum levy authorized by a vote pursuant to section 77-3444, all school district levies, except levies for bonded indebtedness approved by the voters of the school district and levies for the refinancing of such bonded indebtedness, shall be considered unauthorized levies under section 77-1606.

Sec. 13. Section 77-4212, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-4212 (1) For tax year 2007, the amount of relief granted under the Property Tax Credit Act shall be one hundred five million dollars. For tax year 2008, the amount of relief granted under the act shall be one hundred fifteen million dollars. It is the intent of the Legislature to fund the Property Tax Credit Act for tax years after tax year 2008 using available revenue. For tax year 2017, the amount of relief granted under the act shall be two hundred twenty-four million dollars. For tax year 2020 through tax year 2022 2020 and each tax year thereafter, the minimum amount of relief granted under the act shall be two hundred seventy-five million dollars. For tax year 2023, the minimum amount of relief granted under the act shall be three hundred sixty million dollars. For tax year 2024, the minimum amount of relief granted under the act shall be three hundred ninety-five million dollars. For tax year 2025, the minimum amount of relief granted under the act shall be four hundred thirty million dollars. For tax year 2026, the minimum amount of relief granted under the act shall be four hundred forty-five million dollars. For tax year 2027, the minimum amount of relief granted under the act shall be four hundred sixty million dollars. For tax year 2028, the minimum amount of relief granted under the act shall be four hundred seventy-five million dollars. For tax year 2029, the minimum amount of relief granted under the act shall be the minimum amount from the prior tax year plus a percentage increase equal to the percentage increase, if any, in the total assessed value of all real property in the state from the prior year to the current year, as determined by the Department of Revenue, plus an additional seventy-five million dollars. For tax year 2030 and each tax year thereafter, the minimum amount of relief granted under the act shall be the minimum amount from the prior tax year plus a percentage increase equal to the percentage increase, if any, in the total assessed value of all real property in the state from the prior year to the current year, as determined by the Department of Revenue. If money is transferred or credited to the Property Tax Credit Cash Fund pursuant to any other state law, such amount shall be added to the minimum amount required under this subsection when determining the total amount of relief granted under the act. The relief shall be in the form of a property tax credit which appears on the property tax statement.

(2)(a) For tax years prior to tax year 2017, to determine the amount of the property tax credit, the county treasurer shall multiply the amount disbursed to the county under subdivision (4)(a) of this section by the ratio of the real property valuation of the parcel to the total real property valuation in the county. The amount determined shall be the property tax credit for the property.

(b) Beginning with tax year 2017, to determine the amount of the property tax credit, the county treasurer shall multiply the amount disbursed to the county under subdivision (4)(b) of this section by the ratio of the credit allocation valuation of the parcel to the total credit allocation valuation in the county. The amount determined shall be the property tax credit for the property.

(3) If the real property owner qualifies for a homestead exemption under sections 77-3501 to 77-3529, the owner shall also be qualified for the relief provided in the act to the extent of any remaining liability after calculation of the relief provided by the homestead exemption. If the credit results in a property tax liability on the homestead that is less than zero, the amount of the credit which cannot be used by the taxpayer shall be returned to the Property Tax Administrator by July 1 of the year the amount disbursed to the county was disbursed. The Property Tax Administrator shall immediately credit any funds returned under this subsection to the Property Tax Credit Cash Fund. Upon the return of any funds under this subsection, the county treasurer shall electronically file a report with the Property Tax Administrator, on a form prescribed by the Tax Commissioner, indicating the amount of funds distributed to each taxing unit in the county in the year the funds were returned, any

collection fee retained by the county in such year, and the amount of unused credits returned.

(4)(a) For tax years prior to tax year 2017, the amount disbursed to each county shall be equal to the amount available for disbursement determined under subsection (1) of this section multiplied by the ratio of the real property valuation in the county to the real property valuation in the state. By September 15, the Property Tax Administrator shall determine the amount to be disbursed under this subdivision to each county and certify such amounts to the State Treasurer and to each county. The disbursements to the counties shall occur in two equal payments, the first on or before January 31 and the second on or before April 1. After retaining one percent of the receipts for costs, the county treasurer shall allocate the remaining receipts to each taxing unit levying taxes on taxable property in the tax district in which the real property is located in the same proportion that the levy of such taxing unit bears to the total levy on taxable property of all the taxing units in the tax district in which the real property is located.

(b) Beginning with tax year 2017, the amount disbursed to each county shall be equal to the amount available for disbursement determined under subsection (1) of this section multiplied by the ratio of the credit allocation valuation in the county to the credit allocation valuation in the state. By September 15, the Property Tax Administrator shall determine the amount to be disbursed under this subdivision to each county and certify such amounts to the State Treasurer and to each county. The disbursements to the counties shall occur in two equal payments, the first on or before January 31 and the second on or before April 1. After retaining one percent of the receipts for costs, the county treasurer shall allocate the remaining receipts to each taxing unit based on its share of the credits granted to all taxpayers in the taxing unit.

(5) For purposes of this section, credit allocation valuation means the taxable value for all real property except agricultural land and horticultural land, one hundred twenty percent of taxable value for agricultural land and horticultural land that is not subject to special valuation, and one hundred twenty percent of taxable value for agricultural land and horticultural land that is subject to special valuation.

(6) The State Treasurer shall transfer from the General Fund to the Property Tax Credit Cash Fund one hundred five million dollars by August 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

(7) The Legislature shall have the power to transfer funds from the Property Tax Credit Cash Fund to the General Fund.

Sec. 14. Section 77-5003, Reissue Revised Statutes of Nebraska, is amended to read:

77-5003 (1) The Tax Equalization and Review Commission is created. The Tax Commissioner has no supervision, authority, or control over the actions or decisions of the commission relating to its duties prescribed by law. Beginning July 1, 2023 ~~Prior to July 1, 2011,~~ the commission shall have four commissioners, one commissioner from each congressional district and one at-large commissioner. ~~On July 1, 2011, the term of each commissioner shall expire, and thereafter the commission shall have three commissioners, one from each congressional district,~~ with terms as provided in subsection (2) of this section. All commissioners shall be appointed by the Governor with the approval of a majority of the members of the Legislature. ~~The salaries of the commissioners shall be fixed by the Governor.~~

(2) The term of the commissioner from district 1 expires January 1, 2028 ~~2016,~~ the term of the commissioner from district 2 expires January 1, 2024 ~~2018,~~ and the term of the commissioner from district 3 expires January 1, 2026, and the term of the at-large commissioner expires January 1, 2028 ~~2014.~~ After the terms of the commissioners are completed as provided in this subsection, each subsequent term shall be for six years beginning and ending on January 1 of the applicable year. Vacancies occurring during a term shall be filled by appointment for the unexpired term. Upon the expiration of his or her term of office, a commissioner shall continue to serve until his or her successor has been appointed.

(3) The commission shall designate pursuant to rule and regulation its chairperson and vice-chairperson on a two-year, rotating basis.

(4) A commissioner may be removed by the Governor for misfeasance, malfeasance, or willful neglect of duty or other cause after notice and a public hearing unless notice and hearing are expressly waived in writing by the commissioner.

Sec. 15. Section 77-5004, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-5004 (1) Each commissioner shall be a qualified voter and resident of the state and a domiciliary of the district from which he or she is appointed represents.

(2) Each commissioner shall devote his or her full time and efforts to the discharge of his or her duties and shall not hold any other office under the laws of this state, any city or county in this state, or the United States Government while serving on the commission. Each commissioner shall possess:

(a) Appropriate knowledge of terms commonly used in or related to real property appraisal and of the writing of appraisal reports;

(b) Adequate knowledge of depreciation theories, cost estimating, methods of capitalization, and real property appraisal mathematics;

(c) An understanding of the principles of land economics, appraisal processes, and problems encountered in the gathering, interpreting, and evaluating of data involved in the valuation of real property, including

complex industrial properties and mass appraisal techniques;

(d) Knowledge of the law relating to taxation, civil and administrative procedure, due process, and evidence in Nebraska;

(e) At least thirty hours of successfully completed class hours in courses of study, approved by the Real Property Appraiser Board, which relate to appraisal and which include the fifteen-hour National Uniform Standards of Professional Appraisal Practice Course. If a commissioner has not received such training prior to his or her appointment, such training shall be completed within one year after appointment; and

(f) Such other qualifications and skills as reasonably may be requisite for the effective and reliable performance of the commission's duties.

(3) At least one commissioner shall possess the certification or training required to become a licensed residential real property appraiser as set forth in section 76-2230.

(4) At least two commissioners ~~one commissioner~~ shall have been engaged in the practice of law in the State of Nebraska for at least five years, which may include prior service as a judge, and shall be currently admitted to practice before the Nebraska Supreme Court. The attorney commissioners shall be presiding hearing officers for commission proceedings involving appeal hearings and other proceedings involving panels of more than one commissioner.

(5) No commissioner or employee of the commission shall hold any position of profit or engage in any occupation or business interfering with or inconsistent with his or her duties as a commissioner or employee. A person is not eligible for appointment and may not hold the office of commissioner or be appointed by the commission to or hold any office or position under the commission if he or she holds any official office or position.

(6) Each commissioner shall annually attend a seminar or class of at least two days' duration that is:

(a) Sponsored by a recognized assessment or appraisal organization, in each of these areas: Utility and railroad appraisal; appraisal of complex industrial properties; appraisal of other hard to assess properties; and mass appraisal, residential or agricultural appraisal, or assessment administration; or

(b) Pertaining to management, law, civil or administrative procedure, or other knowledge or skill necessary for performing the duties of the office.

(7) Each commissioner shall within two years after his or her appointment attend at least thirty hours of instruction that constitutes training for judges or administrative law judges.

(8) The commissioners shall be considered employees of the state for purposes of sections 81-1320 to 81-1328 and 84-1601 to 84-1615.

(9) The commissioners shall be reimbursed as prescribed in sections 81-1174 to 81-1177 for expenses in the performance of their official duties pursuant to the Tax Equalization and Review Commission Act.

(10) Due to the domicile requirements of subsection (1) of this section and subsection (1) of section 77-5003, each commissioner shall be reimbursed for mileage at the rate provided in section 81-1176 for actual round trip travel from the commissioner's residence to the state office building described in section 81-1108.37 or to the location of any hearing or other official business of the commission. Reimbursements under this subsection shall be made from the Tax Equalization and Review Commission Cash Fund.

(11) The salary for commissioners serving as a presiding hearing officer for commission hearings and proceedings involving a panel of more than one commissioner shall be in an amount equal to eighty-five percent of the salary set for the Chief Justice and judges of the Supreme Court. The salary for commissioners not serving as a presiding hearing officer for commission hearings or proceedings involving a panel of more than one commissioner shall be in an amount equal to seventy percent of the salary set for the Chief Justice and judges of the Supreme Court.

Sec. 16. Section 77-5015.02, Reissue Revised Statutes of Nebraska, is amended to read:

77-5015.02 (1) A single commissioner may hear an appeal and cross appeal and appeals and cross appeals consolidated with any such appeal and cross appeal when:

(a) The taxable value of each parcel is ~~two~~ one million dollars or less as determined by the county board of equalization; and

(b) The appeal and cross appeal has been designated for hearing pursuant to this section by the chairperson of the commission or in such manner as the commission may provide in its rules and regulations.

(2) A proceeding held before a single commissioner shall be informal. The usual common-law or statutory rules of evidence, including rules of hearsay, shall not apply, and the commissioner may consider and utilize all matters presented at the proceeding in making his or her determination.

(3) Any party to an appeal designated for hearing before a single commissioner pursuant to this section may, prior to a hearing, elect in writing to have the appeal heard by the commission. The commissioner conducting a proceeding pursuant to this section may at any time designate the appeal for hearing by the commission.

(4) Documents necessary to establish jurisdiction of the commission shall constitute the record of a proceeding before a single commissioner. No recording shall be made of a proceeding before a single commissioner.

(5) A party to a proceeding before a single commissioner may request a rehearing pursuant to section 77-5005.

(6) An order entered by a single commissioner pursuant to this section may

not be appealed pursuant to section 77-5019 or any other provision of law.

(7) Subdivisions (3), (6), (8), (9), (10), (11), and (12) of section 77-5016 apply to proceedings before a single commissioner.

Sec. 17. Section 77-6702, Revised Statutes Cumulative Supplement, 2022, is amended to read:

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

(1) Allowable growth percentage means the percentage increase, if any, in the total assessed value of all real property in the state from the prior year to the current year, as determined by the department, ~~except that in no case shall the allowable growth percentage exceed five percent in any one year;~~

(2) Community college taxes means property taxes levied on real property in this state by a community college area, excluding any property taxes levied for bonded indebtedness and any property taxes levied as a result of an override of limits on property tax levies approved by voters pursuant to section 77-3444;

(3) Department means the Department of Revenue;

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

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

Sec. 18. Section 77-6703, Revised Statutes Cumulative Supplement, 2022, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

Sec. 19. Section 77-6706, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-6706 (1) For taxable years beginning or deemed to begin on or after January 1, 2022, under the Internal Revenue Code of 1986, as amended, there shall be allowed to each eligible taxpayer a refundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 or against the franchise tax imposed by sections 77-3801 to 77-3807. ~~The credit shall be equal to the credit percentage for the taxable year, as set by the department under subsection (2) of this section, multiplied by the amount of community college taxes paid by the eligible taxpayer during such taxable year.~~

(2) (2)(a) For taxable years beginning or deemed to begin during calendar year 2022, the credit shall be equal to the credit percentage for the taxable year, as set by the department under this subsection, multiplied by the amount of community college taxes paid by the eligible taxpayer during such taxable year. The department shall set the credit percentage so that the total amount of credits for such taxable years shall be fifty million dollars. ÷

(3) For taxable years beginning or deemed to begin during calendar year 2023, the credit shall be equal to the credit percentage for the taxable year, as set by the department under this subsection, multiplied by the amount of community college taxes paid by the eligible taxpayer during such taxable year. The department shall set the credit percentage so that the total amount of credits for such taxable years shall be one hundred million dollars.

(4) For taxable years beginning or deemed to begin on or after January 1, 2024, the credit shall be equal to one hundred percent of the community college taxes paid by the eligible taxpayer during the taxable year.

~~(b) For taxable years beginning or deemed to begin during calendar year 2023, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be one hundred million dollars;~~

~~(c) For taxable years beginning or deemed to begin during calendar year 2024, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be one hundred twenty-five million dollars;~~

~~(d) For taxable years beginning or deemed to begin during calendar year 2025, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be one hundred fifty million dollars;~~

~~(e) For taxable years beginning or deemed to begin during calendar year 2026, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be one hundred ninety-five million dollars; and~~

~~(f) For taxable years beginning or deemed to begin during calendar year 2027 and each calendar year thereafter, the department shall set the credit percentage so that the total amount of credits for such taxable years shall be the maximum amount of credits allowed in the prior year increased by the allowable growth percentage.~~

~~(5) (3) If the community college taxes are paid by a corporation having an election in effect under subchapter S of the Internal Revenue Code, a partnership, a limited liability company, a trust, or an estate, the refundable credit shall be claimed by such corporation, partnership, limited liability company, trust, or estate.~~

(6) (4) For any fiscal year or short year taxpayer, the credit allowed under subsection (2) or (3) of this section may be claimed in the first taxable year that begins following the calendar year for which the credit percentage was determined. The credit shall be taken for the community college taxes paid by the taxpayer during the immediately preceding calendar year.

Sec. 20. Section 85-1517, Reissue Revised Statutes of Nebraska, is amended to read:

85-1517 (1) For fiscal years 2011-12 and 2012-13:

(a) The board may certify to the county board of equalization of each county within the community college area a tax levy not to exceed ten and one-quarter cents on each one hundred dollars on the taxable valuation of all property subject to the levy within the community college area, uniform throughout the area, for the purpose of supporting operating expenditures of the community college area;

(b) In addition to the levies provided in subdivisions (1)(a) and (c) of this section, the board may certify to the county board of equalization of each county within the community college area a tax levy not to exceed one cent on each one hundred dollars on the taxable valuation of all property within the community college area, uniform throughout such area, for the purposes of

paying off bonds issued under sections 85-1520 to 85-1527 and establishing a capital improvement and bond sinking fund as provided in section 85-1515. The levy provided by this subdivision may be exceeded by that amount necessary to retire the general obligation bonds assumed by the community college area or issued pursuant to section 85-1515 according to the terms of such bonds or for any obligation pursuant to section 85-1535 entered into prior to January 1, 1997; and

(c) In addition to the levies provided in subdivisions (1)(a) and (b) of this section, the board may also certify to the county board of equalization of each county within the community college area a tax levy on each one hundred dollars on the taxable valuation of all property within the community college area, uniform throughout such area, in the amount which will produce funds only in the amount necessary to pay for funding accessibility barrier elimination project costs and abatement of environmental hazards as such terms are defined in section 79-10,110. Such tax levy shall not be so certified unless approved by an affirmative vote of a majority of the board taken at a public meeting of the board following notice and a hearing. The board shall give at least seven days' notice of such public hearing and shall publish such notice once in a newspaper of general circulation in the area to be affected by the increase. The proceeds of such tax levy shall be deposited in the capital improvement and bond sinking fund provided for in section 85-1515 for use in funding the projects authorized pursuant to this subdivision.

~~(2) For fiscal year 2013-14 and each fiscal year thereafter:~~

~~(2)(a) For fiscal years 2013-14 through 2023-24, the (a) The board may certify to the county board of equalization of each county within the community college area a tax levy not to exceed the difference between eleven and one-quarter cents and the rate levied for such fiscal year pursuant to subdivision (b) of this subsection on each one hundred dollars on the taxable valuation of all property subject to the levy within the community college area, uniform throughout the area, for the purpose of supporting operating expenditures of the community college area. For purposes of calculating the amount of levy authority available for operating expenditures pursuant to this subdivision, the rate levied pursuant to subdivision (b) of this subsection shall not include amounts to retire general obligation bonds assumed by the community college area or issued pursuant to section 85-1515 according to the terms of such bonds or for any obligation pursuant to section 85-1535 entered into prior to January 1, 1997. For fiscal year 2024-25 and each fiscal year thereafter, the board may certify a levy under this subdivision only if such levy is authorized under section 21 or 23 of this act. If so authorized, the levy provided by this subdivision may be exceeded by the amount necessary to generate sufficient revenue as described in section 21 or 23 of this act. ;~~

~~(b) For fiscal year 2013-14 and each fiscal year thereafter, in In addition to the levies provided in subdivisions (a) and (c) of this subsection, the board may certify to the county board of equalization of each county within the community college area a tax levy not to exceed two cents on each one hundred dollars on the taxable valuation of all property within the community college area, uniform throughout such area, for the purposes of paying off bonds issued under sections 85-1520 to 85-1527 and establishing a capital improvement and bond sinking fund as provided in section 85-1515. The levy provided by this subdivision may be exceeded by that amount necessary to retire general obligation bonds assumed by the community college area or issued pursuant to section 85-1515 according to the terms of such bonds or for any obligation pursuant to section 85-1535 entered into prior to January 1, 1997. ; and~~

~~(c) For fiscal years 2013-14 through 2023-24, in In addition to the levies provided in subdivisions (a) and (b) of this subsection, the board of a community college area with a campus located on the site of a former ammunition depot may certify to the county board of equalization of each county within the community college area a tax levy not to exceed three-quarters of one cent on each one hundred dollars on the taxable valuation of all property within the community college area, uniform throughout such area, to pay for funding accessibility barrier elimination project costs and abatement of environmental hazards as such terms are defined in section 79-10,110. Such tax levy shall not be so certified unless approved by an affirmative vote of a majority of the board taken at a public meeting of the board following notice and a hearing. The board shall give at least seven days' notice of such public hearing and shall publish such notice once in a newspaper of general circulation in the area to be affected by the increase. The proceeds of such tax levy shall be deposited in the capital improvement and bond sinking fund provided for in section 85-1515 for use in funding accessibility barrier elimination project costs and abatement of environmental hazards as such terms are defined in section 79-10,110.~~

(3) The taxes provided by this section shall be levied and assessed in the same manner as other property taxes and entered on the books of the county treasurer. The proceeds of the tax, as collected, shall be remitted to the treasurer of the board not less frequently than once each month.

Sec. 21. (1) Beginning in fiscal year 2024-25, funds shall be distributed to community college areas as provided in this section in order to offset the funds lost by community college areas due to the elimination of their levy authority under subdivisions (2)(a) and (c) of section 85-1517.

(2) The amount to be distributed to each community college area under this section shall be equal to:

(a) For fiscal year 2024-25, the amount of property taxes levied by such

community college area for fiscal year 2023-24 pursuant to subdivisions (2)(a) and (c) of section 85-1517 or the amount of property taxes that would have been generated from a levy of seven and one-half cents per one hundred dollars of taxable valuation, whichever is greater, with such amount then increased by three and one-half percent or the percentage increase in the reimbursable educational units of the community college area, whichever is greater. Such amount shall be calculated by the Coordinating Commission for Postsecondary Education and certified to the community college area and to the budget administrator of the budget division of the Department of Administrative Services by August 15, 2024; and

(b) For fiscal year 2025-26 and each fiscal year thereafter, the amount distributed under this section to such community college area in the prior fiscal year, increased by three and one-half percent or the percentage increase in the reimbursable educational units of the community college area, whichever is greater. Such amount shall be calculated by the Coordinating Commission for Postsecondary Education and certified to the community college area and to the budget administrator of the budget division of the Department of Administrative Services by August 15 of each year.

(3) The Coordinating Commission for Postsecondary Education shall annually certify the total amount to be distributed to all community college areas under subsection (2) of this section to the State Treasurer. The State Treasurer shall transfer the certified amount from the General Fund to the Community College Future Fund in ten equal payments distributed monthly beginning in September of the fiscal year and continuing through June.

(4) The Coordinating Commission for Postsecondary Education shall annually make distributions to the community college areas in the amounts determined pursuant to subsection (2) of this section. The distributions shall be made in ten equal payments distributed monthly beginning in September of the fiscal year and continuing through June. Community college areas shall receive no payments during the months of July and August.

(5) The Community College Future Fund is created. The fund shall be administered by the Coordinating Commission for Postsecondary Education and shall be used to provide state distributions to community college areas pursuant to this section. The fund shall consist of transfers authorized by the Legislature. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(6) Beginning in fiscal year 2024-25, if the state fails to provide full funding of the amounts described in subsection (2) of this section for any fiscal year, each community college area may, if approved by a majority vote of the community college board of governors, levy an amount for such fiscal year under subdivision (2)(a) of section 85-1517 sufficient to generate revenue equal to the amount that would have been provided to the community college area under subsection (2) of this section if fully funded minus the amount that was actually provided to the community college area. The property tax levy provided for in this subsection is in addition to the maximum allowable property tax levy described in subdivision (2)(b) of section 85-1517 and any property tax levied for funding accessibility barrier elimination project costs and abatement of environmental hazards as such terms are defined in section 79-10,110.

(7) For purposes of this section, reimbursable educational unit has the same meaning as in section 85-1503.

Sec. 22. Section 85-2231, Reissue Revised Statutes of Nebraska, is amended to read:

85-2231 Sections 85-2231 to 85-2237 and section 23 of this act shall be known and may be cited as the Community College Aid Act.

Sec. 23. For fiscal year 2024-25 and each fiscal year thereafter, if the amount of aid provided to a community college area pursuant to the Community College Aid Act is less than the amount of aid provided to such community college area in the immediately preceding fiscal year or the amount of aid provided to such community college area in fiscal year 2022-23, whichever is greater, the community college area may, if approved by a majority vote of the community college board of governors, levy an amount under subdivision (2)(a) of section 85-1517 sufficient to generate revenue equal to the difference in aid from the immediately preceding fiscal year or fiscal year 2022-23, whichever is applicable. The property tax levy provided for in this section is in addition to the maximum allowable property tax levy described in subdivision (2)(b) of section 85-1517 and any property tax levied for funding accessibility barrier elimination project costs and abatement of environmental hazards as such terms are defined in section 79-10,110.

Sec. 24. Sections 14, 15, 16, and 26 of this act become operative on July 1, 2023. Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 28 of this act become operative on January 1, 2024. Sections 11, 12, 13, 17, 18, 19, 20, 21, 22, 23, and 27 of this act become operative three calendar months after the adjournment of this legislative session. The other sections of this act become operative on their effective date.

Sec. 25. If any section in this act or any part of any section is declared invalid or unconstitutional, the declaration shall not affect the validity or constitutionality of the remaining portions.

Sec. 26. Original sections 77-5003 and 77-5015.02, Reissue Revised Statutes of Nebraska, and section 77-5004, Revised Statutes Cumulative Supplement, 2022, are repealed.

Sec. 27. Original sections 85-1517 and 85-2231, Reissue Revised Statutes

of Nebraska, and sections 77-1736.06, 77-3442, 77-4212, 77-6702, 77-6703, and 77-6706, Revised Statutes Cumulative Supplement, 2022, are repealed.

Sec. 28. Original sections 77-1632 and 77-1633, Revised Statutes Cumulative Supplement, 2022, are repealed.

Sec. 29. Since an emergency exists, this act takes effect when passed and approved according to law.