LEGISLATURE OF NEBRASKA

ONE HUNDRED THIRD LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 721

Introduced by Janssen, 15; Kintner, 2; Larson, 40.

Read first time January 08, 2014

Committee: Revenue

A BILL

FOR AN ACT relating to revenue and taxation; to amend sections 77-201, 77-4212, and 77-5023, Reissue Revised Statutes of Nebraska, sections 77-367, 77-2715.03, and 79-1016, Revised Statutes Cumulative Supplement, 2012, and section 77-2716, Revised Statutes Supplement, 2013; to change valuation of agricultural land and horticultural land; to change provisions relating to Department of Revenue contracts for finding nonpayers of taxes; to change income tax rates; to adjust income tax brackets for inflation; to exempt social security and military retirement benefits from income taxation; to provide funding for the Property Tax Credit Act; to harmonize provisions; to provide operative dates; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,
Section 1. Section 77-201, Reissue Revised Statutes of Nebraska, is amended to read:

77-201 (1) Except as provided in subsections (2) through (4) of this section, all real property in this state, not expressly exempt therefrom, shall be subject to taxation and shall be valued at its actual value.

(2) Agricultural land and horticultural land as defined in section 77-1359 shall constitute a separate and distinct class of property for purposes of property taxation, shall be subject to taxation, unless expressly exempt from taxation, and shall be valued at seventy-five sixty-five percent of its actual value.

(3) Agricultural land and horticultural land actively devoted to agricultural or horticultural purposes which has value for purposes other than agricultural or horticultural uses and which meets the qualifications for special valuation under section 77-1344 shall constitute a separate and distinct class of property for purposes of property taxation, shall be subject to taxation, and shall be valued for taxation at seventy-five sixty-five percent of its special value as defined in section 77-1343.

(4) Historically significant real property which meets the qualifications for historic rehabilitation valuation under sections 77-1385 to 77-1394 shall be valued for taxation as provided in such sections.

(5) Tangible personal property, not including motor vehicles registered for operation on the highways of this state,
shall constitute a separate and distinct class of property for purposes of property taxation, shall be subject to taxation, unless expressly exempt from taxation, and shall be valued at its net book value. Tangible personal property transferred as a gift or devise or as part of a transaction which is not a purchase shall be subject to taxation based upon the date the property was acquired by the previous owner and at the previous owner's Nebraska adjusted basis. Tangible personal property acquired as replacement property for converted property shall be subject to taxation based upon the date the converted property was acquired and at the Nebraska adjusted basis of the converted property unless insurance proceeds are payable by reason of the conversion. For purposes of this subsection, (a) converted property means tangible personal property which is compulsorily or involuntarily converted as a result of its destruction in whole or in part, theft, seizure, requisition, or condemnation, or the threat or imminence thereof, and no gain or loss is recognized for federal or state income tax purposes by the holder of the property as a result of the conversion and (b) replacement property means tangible personal property acquired within two years after the close of the calendar year in which tangible personal property was converted and which is, except for date of construction or manufacture, substantially the same as the converted property.

Sec. 2. Section 77-367, Revised Statutes Cumulative Supplement, 2012, is amended to read:

77-367 (1) The Department of Revenue shall contract
to procure products and services to develop, deploy, or administer systems or programs which identify nonfilers of returns, underreporters, or nonpayers of taxes administered by the department or improper or fraudulent payments made through programs administered by the department. Fees for services, reimbursements, costs incurred by the department, or other remuneration may be funded from the amount of tax, penalty, interest, or other recovery actually collected and shall be paid only after the amount is collected. The Legislature intends to appropriate an amount from the tax, penalty, interest, and other recovery actually collected, not to exceed the amount collected, which is sufficient to pay for services, reimbursements, costs incurred by the department, or other remuneration pursuant to this section. Vendors entering into a contract with the department pursuant to this section are subject to the requirements and penalties of the confidentiality laws of this state regarding tax information.

(2) Ten percent of all proceeds received during each calendar year due to the contracts entered into pursuant to this section shall be deposited in the Department of Revenue Enforcement Fund for purposes of identifying nonfilers, underreporters, nonpayers, and improper or fraudulent payments.

(3) The Tax Commissioner shall submit electronically an annual report to the Revenue Committee of the Legislature and Appropriations Committee of the Legislature on the amount of dollars generated during the previous fiscal year pursuant to this section.
Sec. 3. Section 77-2715.03, Revised Statutes Cumulative Supplement, 2012, is amended to read:

77-2715.03 (1) For taxable years beginning or deemed to begin on or after January 1, 2013, and before January 1, 2014, the following brackets and rates are hereby established for the Nebraska individual income tax:

<table>
<thead>
<tr>
<th>Bracket</th>
<th>Number</th>
<th>Single Individual Filing</th>
<th>Married, Head of Household Filing</th>
<th>Married, Estates Filing</th>
<th>Trusts Filing</th>
<th>Rate</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>$0-2,399</td>
<td>$0-4,799 $0-4,499</td>
<td>$0-2,399 $0-499</td>
<td>$0-2,399</td>
<td>$0-499</td>
<td>2.46%</td>
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<tr>
<td>2</td>
<td>$2,400- $4,800- $4,500- $2,400- $500-</td>
<td>17,499 34,999 27,999</td>
<td>17,499 4,699</td>
<td>3.51%</td>
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<tr>
<td>3</td>
<td>$17,500- $35,000- $28,000- $17,500- $4,700-</td>
<td>26,999 53,999 39,999</td>
<td>26,999 15,149</td>
<td>5.01%</td>
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<td>4</td>
<td>$27,000</td>
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<td>$27,000 15,150</td>
<td>6.84%</td>
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(2) For taxable years beginning or deemed to begin on or after January 1, 2014, the following brackets and rates are hereby established for the Nebraska individual income tax:

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<thead>
<tr>
<th>Bracket</th>
<th>Number</th>
<th>Single Individual Filing</th>
<th>Married, Head of Household Filing</th>
<th>Married, Estates Filing</th>
<th>Trusts Filing</th>
<th>Rate</th>
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<td>$0-2,399</td>
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<td>Separate</td>
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<td>$29,000 and Over</td>
<td>$57,999 and Over</td>
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<td>Individual Income Tax Brackets and Rates</td>
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<td>4.37%</td>
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<tr>
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<td>6.84%</td>
<td>6.82%</td>
<td>6.80%</td>
<td>5.99%</td>
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<td>18</td>
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<td>Taxable Year</td>
<td>Taxable Year</td>
<td>Taxable Year</td>
<td>Taxable Year</td>
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<td>2014</td>
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<td>2016</td>
<td>2017</td>
<td>Thereafter</td>
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<tr>
<td>1</td>
<td>$0-5,999</td>
<td>2.46%</td>
<td>2.44%</td>
<td>2.42%</td>
<td>2.13%</td>
<td>1.96%</td>
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<tr>
<td>2</td>
<td>$6,000-35,999</td>
<td>3.51%</td>
<td>3.49%</td>
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<tr>
<td>3</td>
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<td>5.01%</td>
<td>4.99%</td>
<td>4.97%</td>
<td>4.37%</td>
<td>4.02%</td>
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<tr>
<td>4</td>
<td>$58,000 and Over</td>
<td>6.84%</td>
<td>6.82%</td>
<td>6.80%</td>
<td>5.99%</td>
<td>5.50%</td>
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</table>

<table>
<thead>
<tr>
<th>Bracket</th>
<th>Married, Filing</th>
<th>Taxable Year</th>
<th>Taxable Year</th>
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<th>Taxable Year</th>
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<td>2015</td>
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<td>2017</td>
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<tr>
<td>1</td>
<td>$0-2,999</td>
<td>2.46%</td>
<td>2.44%</td>
<td>2.42%</td>
<td>2.13%</td>
<td>1.96%</td>
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<tr>
<td>2</td>
<td>$3,000-17,999</td>
<td>3.51%</td>
<td>3.49%</td>
<td>3.47%</td>
<td>3.02%</td>
<td>2.78%</td>
</tr>
<tr>
<td>Bracket</td>
<td>Taxable Estates and Trusts Year</td>
<td>Year</td>
<td>Year</td>
<td>Year</td>
<td>Year</td>
<td>2018 and Thereafter</td>
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<td>$0-499</td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
<td>2017</td>
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<td>2.46%</td>
<td>2.44%</td>
<td>2.42%</td>
<td>2.13%</td>
<td>1.96%</td>
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<td>$4,700-15,149</td>
<td>5.01%</td>
<td>4.99%</td>
<td>4.97%</td>
<td>4.37%</td>
<td>4.02%</td>
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<tr>
<td>$15,150 and Over</td>
<td>6.84%</td>
<td>6.82%</td>
<td>6.80%</td>
<td>5.99%</td>
<td>5.50%</td>
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</table>

(3) For taxable years beginning or deemed to begin on or after January 1, 2015, the minimum and maximum dollar amounts for each tax bracket provided in subsection (2) of this section shall be adjusted for inflation by the method provided in section 151 of the Internal Revenue Code of 1986, as amended.

(4) Whenever the tax brackets or tax rates are changed by the Legislature or adjusted for inflation pursuant to subsection (3) of this section, the Tax Commissioner shall update the tax rate schedules to reflect the new tax brackets or tax rates and shall publish such updated schedules.

(5) The Tax Commissioner shall prepare, from the rate schedules, tax tables which can be used by a majority of the
taxpayers to determine their Nebraska tax liability. The design of
the tax tables shall be determined by the Tax Commissioner. The size
of the tax table brackets may change as the level of income changes.
The difference in tax between two tax table brackets shall not exceed
fifteen dollars. The Tax Commissioner may build the personal
exemption credit and standard deduction amounts into the tax tables.

(5) For taxable years beginning or deemed to begin on
or after January 1, 2013, the tax rate applied to other federal taxes
included in the computation of the Nebraska individual income tax
shall be 29.6 percent.

(6) The Tax Commissioner may require by rule and
regulation that all taxpayers shall use the tax tables if their
income is less than the maximum income included in the tax tables.

Sec. 4. Section 77-2716, Revised Statutes Supplement,
2013, is amended to read:

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

(a) There shall be subtracted interest or dividends
received by the owner of obligations of the United States and its
territories and possessions or of any authority, commission, or
instrumentality of the United States to the extent includable in
gross income for federal income tax purposes but exempt from state
income taxes under the laws of the United States;

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

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

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

(e)(i) Any amount subtracted under this subsection shall be reduced by any interest on indebtedness incurred to carry the obligations or securities described in this subsection or the investment in the regulated investment company and by any expenses incurred in the production of interest or dividend income described in this subsection to the extent that such expenses, including amortizable bond premiums, are deductible in determining federal taxable income.

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

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

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

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

(5) There shall be subtracted from federal adjusted gross income or, for corporations and fiduciaries, federal taxable income dividends received or deemed to be received from corporations which are not subject to the Internal Revenue Code.

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

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

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

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

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

(8)(a) Federal adjusted gross income or, for corporations
and fiduciaries, federal taxable income shall be reduced, to the
extent included, by income from interest, earnings, and state
contributions received from the Nebraska educational savings plan
trust created in sections 85-1801 to 85-1814.

(b) Federal adjusted gross income or, for corporations
and fiduciaries, federal taxable income shall be reduced by any
contributions as a participant in the Nebraska educational savings
plan trust, to the extent not deducted for federal income tax
purposes, but not to exceed five thousand dollars per married filing
separate return or ten thousand dollars for any other return. With
respect to a qualified rollover within the meaning of section 529 of
the Internal Revenue Code from another state's plan, any interest,
earnings, and state contributions received from the other state's
educational savings plan which is qualified under section 529 of the
code shall qualify for the reduction provided in this subdivision.
For contributions by a custodian of a custodial account including
rollovers from another custodial account, the reduction shall only
apply to funds added to the custodial account after January 1, 2014.

(c) Federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be increased by the amount resulting from the cancellation of a participation agreement refunded to the taxpayer as a participant in the Nebraska educational savings plan trust to the extent previously deducted as a contribution to the trust.

(9)(a) For income tax returns filed after September 10, 2001, for taxable years beginning or deemed to begin before January 1, 2006, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be increased by eighty-five percent of any amount of any federal bonus depreciation received under the federal Job Creation and Worker Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003, under section 168(k) or section 1400L of the Internal Revenue Code of 1986, as amended, for assets placed in service after September 10, 2001, and before December 31, 2005.

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

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

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

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

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

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

(12) There shall be added to federal adjusted gross
income for individuals, estates, and trusts any amount taken as a
credit for franchise tax paid by a financial institution under sections 77-3801 to 77-3807 as allowed by subsection (5) of section 77-2715.07.

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

(14) For taxable years beginning or deemed to begin on or after January 1, 2015, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be modified to exclude income received as a military retirement benefit by an individual to the extent included in federal adjusted gross income. For purposes of this subsection, military retirement benefit means retirement benefits that are periodic payments attributable to service in the uniformed services of the United States for personal services performed by an individual prior to his or her retirement.

Sec. 5. Section 77-4212, Reissue Revised Statutes of Nebraska, is amended to read:

77-4212 (1) For tax year 2007, 2014, 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 2008-2014 using available revenue.
The relief shall be in the form of a property tax credit which appears on the property tax statement.

(2) To determine the amount of the property tax credit, the county treasurer shall multiply the amount disbursed to the county under subsection (4) 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.

(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 State Treasurer by July 1 of the year the amount disbursed to the county was disbursed. The State Treasurer shall immediately credit any funds returned under this section to the Property Tax Credit Cash Fund.

(4) 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 subsection 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.

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

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

Sec. 6. Section 77-5023, Reissue Revised Statutes of
Nebraska, is amended to read:

77-5023 (1) Pursuant to section 77-5022, the commission
shall have the power to increase or decrease the value of a class or
subclass of real property in any county or taxing authority or of
real property valued by the state so that all classes or subclasses
of real property in all counties fall within an acceptable range.

(2) An acceptable range is the percentage of variation
from a standard for valuation as measured by an established indicator
of central tendency of assessment. Acceptable ranges are: (a) For agricultural land and horticultural land as defined in section 77-1359, sixty-nine to seventy-five percent of actual value; (b) for lands receiving special valuation, sixty-nine to seventy-five percent of special valuation as defined in section 77-1343; and (c) for all other real property, ninety-two to one hundred percent of actual value.

(3) Any increase or decrease shall cause the level of value determined by the commission to be at the midpoint of the applicable acceptable range.

(4) Any decrease or increase to a subclass of property shall also cause the level of value determined by the commission for the class from which the subclass is drawn to be within the applicable acceptable range.

(5) Whether or not the level of value determined by the commission falls within an acceptable range or at the midpoint of an acceptable range may be determined to a reasonable degree of certainty relying upon generally accepted mass appraisal techniques.

Sec. 7. Section 79-1016, Revised Statutes Cumulative Supplement, 2012, is amended to read:

79-1016 (1) On or before August 25, the county assessor shall certify to the Property Tax Administrator the total taxable value by school district in the county for the current assessment year on forms prescribed by the Tax Commissioner. The county assessor may amend the filing for changes made to the taxable valuation of the
school district in the county if corrections or errors on the original certification are discovered. Amendments shall be certified to the Property Tax Administrator on or before September 30.

(2) On or before October 10, the Property Tax Administrator shall compute and certify to the State Department of Education the adjusted valuation for the current assessment year for each class of property in each school district and each local system. The adjusted valuation of property for each school district and each local system, for purposes of determining state aid pursuant to the Tax Equity and Educational Opportunities Support Act, shall reflect as nearly as possible state aid value as defined in subsection (3) of this section. The Property Tax Administrator shall notify each school district and each local system of its adjusted valuation for the current assessment year by class of property on or before October 10. Establishment of the adjusted valuation shall be based on the taxable value certified by the county assessor for each school district in the county adjusted by the determination of the level of value for each school district from an analysis of the comprehensive assessment ratio study or other studies developed by the Property Tax Administrator, in compliance with professionally accepted mass appraisal techniques, as required by section 77-1327. The Tax Commissioner shall adopt and promulgate rules and regulations setting forth standards for the determination of level of value for state aid purposes.

(3) For purposes of this section, state aid value means:
(a) For real property other than agricultural and
horticultural land, ninety-six percent of actual value;

(b) For agricultural and horticultural land, seventy-two
sixty-two percent of actual value as provided in sections 77-1359 to
and 77-1363. For agricultural and horticultural land that receives
special valuation pursuant to section 77-1344, seventy-two sixty-two
percent of special valuation as defined in section 77-1343; and

(c) For personal property, the net book value as defined
in section 77-120.

(4) On or before November 10, any local system may file
with the Tax Commissioner written objections to the adjusted
valuations prepared by the Property Tax Administrator, stating the
reasons why such adjusted valuations are not the valuations required
by subsection (3) of this section. The Tax Commissioner shall fix a
time for a hearing. Either party shall be permitted to introduce any
evidence in reference thereto. On or before January 1, the Tax
Commissioner shall enter a written order modifying or declining to
modify, in whole or in part, the adjusted valuations and shall
certify the order to the State Department of Education. Modification
by the Tax Commissioner shall be based upon the evidence introduced
at hearing and shall not be limited to the modification requested in
the written objections or at hearing. A copy of the written order
shall be mailed to the local system within seven days after the date
of the order. The written order of the Tax Commissioner may be
appealed within thirty days after the date of the order to the Tax
Equalization and Review Commission in accordance with section 77-5013.

(5) On or before November 10, any local system or county official may file with the Tax Commissioner a written request for a nonappealable correction of the adjusted valuation due to clerical error as defined in section 77-128 or, for agricultural and horticultural land, assessed value changes by reason of land qualified or disqualified for special use valuation pursuant to sections 77-1343 to 77-1347.01. On or before the following January 1, the Tax Commissioner shall approve or deny the request and, if approved, certify the corrected adjusted valuations resulting from such action to the State Department of Education.

(6) On or before May 31 of the year following the certification of adjusted valuation pursuant to subsection (2) of this section, any local system or county official may file with the Tax Commissioner a written request for a nonappealable correction of the adjusted valuation due to changes to the tax list that change the assessed value of taxable property. Upon the filing of the written request, the Tax Commissioner shall require the county assessor to recertify the taxable valuation by school district in the county on forms prescribed by the Tax Commissioner. The recertified valuation shall be the valuation that was certified on the tax list, pursuant to section 77-1613, increased or decreased by changes to the tax list that change the assessed value of taxable property in the school district in the county in the prior assessment year. On or before the
following July 31, the Tax Commissioner shall approve or deny the request and, if approved, certify the corrected adjusted valuations resulting from such action to the State Department of Education.

(7) No injunction shall be granted restraining the distribution of state aid based upon the adjusted valuations pursuant to this section.

(8) A school district whose state aid is to be calculated pursuant to subsection (5) of this section and whose state aid payment is postponed as a result of failure to calculate state aid pursuant to such subsection may apply to the state board for lump-sum payment of such postponed state aid. Such application may be for any amount up to one hundred percent of the postponed state aid. The state board may grant the entire amount applied for or any portion of such amount. The state board shall notify the Director of Administrative Services of the amount of funds to be paid in a lump sum and the reduced amount of the monthly payments. The Director of Administrative Services shall, at the time of the next state aid payment made pursuant to section 79-1022, draw a warrant for the lump-sum amount from appropriated funds and forward such warrant to the district.

Sec. 8. Sections 1, 6, 7, and 9 of this act become operative on January 1, 2015. The other sections of this act become operative on their effective date.

Sec. 9. Original sections 77-201 and 77-5023, Reissue Revised Statutes of Nebraska, and section 79-1016, Revised Statutes
1 Cumulative Supplement, 2012, are repealed.

2 Sec. 10. Original section 77-4212, Reissue Revised Statutes of Nebraska, sections 77-367 and 77-2715.03, Revised Statutes Cumulative Supplement, 2012, and section 77-2716, Revised Statutes Supplement, 2013, are repealed.