

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1104**

Introduced by Larson, 40.

Read first time January 20, 2016

Committee: Revenue

1 A BILL FOR AN ACT relating to Native Americans; to amend sections 58-201  
2 and 85-1517, Reissue Revised Statutes of Nebraska; to define terms;  
3 to provide for certain tax incentives, intent provisions, and  
4 revenue-sharing agreements relating to Native Americans; to change  
5 the Nebraska Investment Finance Authority Act; to change provisions  
6 relating to the distribution of property taxes for certain community  
7 colleges; to harmonize provisions; and to repeal the original  
8 sections.  
9 Be it enacted by the people of the State of Nebraska,

1           Section 1. For purposes of sections 1 to 4 of this act:

2           (1) Department means the Department of Revenue;

3           (2) Fee land means land owned by a member of an Indian tribe that is  
4 not held in trust by the United States. Fee land is a form of ownership  
5 status where the owner may freely alienate and encumber title without  
6 federal approval;

7           (3) Indian tribe has the same meaning as in section 43-1503;

8           (4) Qualified business means any corporation, partnership, limited  
9 liability company, sole proprietorship, or other business entity that is  
10 subject to income taxes or sales and use taxes under the Nebraska Revenue  
11 Act of 1967;

12           (5) Special economic impact zone means any reservation, as such term  
13 is defined in section 43-1503, that is located in this state; and

14           (6) Trust land means land held in trust by the United States for the  
15 beneficial use of an individual member of an Indian tribe or for the  
16 beneficial use of an Indian tribe.

17           Sec. 2. (1) For taxable years beginning or deemed to begin on or  
18 after January 1, 2017, under the Internal Revenue Code of 1986, as  
19 amended, any qualified business that is located in a special economic  
20 impact zone shall be exempt from the income taxes due under the Nebraska  
21 Revenue Act of 1967.

22           (2) Beginning January 1, 2017, qualified businesses, as a group,  
23 shall be exempt from the sales and use taxes due under the Nebraska  
24 Revenue Act of 1967 for the first ten million dollars of taxable  
25 purchases made by qualified businesses each calendar year.

26           (3) Any qualified business receiving tax incentives under the  
27 Nebraska Advantage Act shall also be eligible to qualify for the  
28 exemptions provided in this section.

29           (4) A qualified business shall not relocate from one part of the  
30 state to a special economic impact zone in order to qualify for the  
31 exemptions provided in this section.

1       (5) The department may adopt and promulgate rules and regulations  
2 for the purpose of carrying out this section.

3       Sec. 3. It is the intent of the Legislature to clarify that the  
4 following rules apply to Indian tribes for purposes of taxation in this  
5 state:

6       (1) State sales and use taxes are not paid by members of an Indian  
7 tribe on transactions made on a federal Indian reservation;

8       (2) State income taxes are not paid on income earned on a federal  
9 Indian reservation if the individual earning such income is a member of  
10 an Indian tribe and is living on an Indian reservation; and

11       (3) Local property taxes are not paid on Indian reservation or trust  
12 land.

13       Sec. 4. (1) If an Indian tribe presents a revenue-sharing agreement  
14 to the department that contains all of the provisions required under  
15 subsection (2) of this section, the department shall enter into such  
16 agreement with the Indian tribe, except as provided in subsection (4) of  
17 this section.

18       (2) A revenue-sharing agreement under this section shall contain all  
19 of the following provisions:

20       (a) The Indian tribe shall impose a tribal tax that is less than or  
21 equal to the state sales and use taxes imposed under the Nebraska Revenue  
22 Act of 1967;

23       (b) The tribal tax shall be imposed on both members and nonmembers  
24 of the Indian tribe; and

25       (c) Twenty percent of the tribal tax shall be shared with the State  
26 of Nebraska.

27       (3) If a revenue-sharing agreement is entered into under this  
28 section, then, for any transaction subject to the tribal tax, the  
29 department shall not impose state sales and use taxes on such  
30 transaction.

31       (4) If an Indian tribe presents a revenue-sharing agreement to the

1 department that contains more than the provisions required under  
2 subsection (2) of this section, the department has discretion on whether  
3 or not to enter into such agreement.

4 Sec. 5. Section 58-201, Reissue Revised Statutes of Nebraska, is  
5 amended to read:

6 58-201 Sections 58-201 to 58-272 and section 6 of this act shall be  
7 known and may be cited as the Nebraska Investment Finance Authority Act.

8 Sec. 6. In allocating any federal low-income housing tax credits,  
9 the authority shall give a bonus under its scoring system to any project  
10 located in a special economic impact zone as defined in section 1 of this  
11 act. The bonus shall be equal to two percent of the total number of  
12 points allowable under such scoring system.

13 Sec. 7. Section 85-1517, Reissue Revised Statutes of Nebraska, is  
14 amended to read:

15 85-1517 (1) For fiscal years 2011-12 and 2012-13:

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

22 (b) In addition to the levies provided in subdivisions (1)(a) and  
23 (c) of this section, the board may certify to the county board of  
24 equalization of each county within the community college area a tax levy  
25 not to exceed one cent on each one hundred dollars on the taxable  
26 valuation of all property within the community college area, uniform  
27 throughout such area, for the purposes of paying off bonds issued under  
28 sections 85-1520 to 85-1527 and establishing a capital improvement and  
29 bond sinking fund as provided in section 85-1515. The levy provided by  
30 this subdivision may be exceeded by that amount necessary to retire the  
31 general obligation bonds assumed by the community college area or issued

1 pursuant to section 85-1515 according to the terms of such bonds or for  
2 any obligation pursuant to section 85-1535 entered into prior to January  
3 1, 1997; and

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

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

21 (a) The board may certify to the county board of equalization of  
22 each county within the community college area a tax levy not to exceed  
23 the difference between eleven and one-quarter cents and the rate levied  
24 for such fiscal year pursuant to subdivision (b) of this subsection on  
25 each one hundred dollars on the taxable valuation of all property subject  
26 to the levy within the community college area, uniform throughout the  
27 area, for the purpose of supporting operating expenditures of the  
28 community college area. For purposes of calculating the amount of levy  
29 authority available for operating expenditures pursuant to this  
30 subdivision, the rate levied pursuant to subdivision (b) of this  
31 subsection shall not include amounts to retire general obligation bonds

1 assumed by the community college area or issued pursuant to section  
2 85-1515 according to the terms of such bonds or for any obligation  
3 pursuant to section 85-1535 entered into prior to January 1, 1997;

4 (b) In addition to the levies provided in subdivisions (a) and (c)  
5 of this subsection, the board may certify to the county board of  
6 equalization of each county within the community college area a tax levy  
7 not to exceed two cents on each one hundred dollars on the taxable  
8 valuation of all property within the community college area, uniform  
9 throughout such area, for the purposes of paying off bonds issued under  
10 sections 85-1520 to 85-1527 and establishing a capital improvement and  
11 bond sinking fund as provided in section 85-1515. The levy provided by  
12 this subdivision may be exceeded by that amount necessary to retire  
13 general obligation bonds assumed by the community college area or issued  
14 pursuant to section 85-1515 according to the terms of such bonds or for  
15 any obligation pursuant to section 85-1535 entered into prior to January  
16 1, 1997; and

17 (c) In addition to the levies provided in subdivisions (a) and (b)  
18 of this subsection, the board of a community college area with a campus  
19 located on the site of a former ammunition depot may certify to the  
20 county board of equalization of each county within the community college  
21 area a tax levy not to exceed three-quarters of one cent on each one  
22 hundred dollars on the taxable valuation of all property within the  
23 community college area, uniform throughout such area, to pay for funding  
24 accessibility barrier elimination project costs and abatement of  
25 environmental hazards as such terms are defined in section 79-10,110.  
26 Such tax levy shall not be so certified unless approved by an affirmative  
27 vote of a majority of the board taken at a public meeting of the board  
28 following notice and a hearing. The board shall give at least seven days'  
29 notice of such public hearing and shall publish such notice once in a  
30 newspaper of general circulation in the area to be affected by the  
31 increase. The proceeds of such tax levy shall be deposited in the capital

1 improvement and bond sinking fund provided for in section 85-1515 for use  
2 in funding accessibility barrier elimination project costs and abatement  
3 of environmental hazards as such terms are defined in section 79-10,110.

4 (3) The taxes provided by this section shall be levied and assessed  
5 in the same manner as other property taxes and entered on the books of  
6 the county treasurer. The proceeds of the tax, as collected, shall be  
7 remitted to the treasurer of the board not less frequently than once each  
8 month. If a community college area includes a reservation as defined in  
9 section 43-1503, then the board for such community college area shall  
10 remit fifteen percent of the property taxes collected on the taxable real  
11 property on such reservation to the tribally controlled community  
12 colleges in the state, with the amount to be split among such tribally  
13 controlled community colleges.

14 Sec. 8. Original sections 58-201 and 85-1517, Reissue Revised  
15 Statutes of Nebraska, are repealed.