

AMENDMENTS TO LB1084

Introduced by Briese, 41.

1 1. Strike the original sections and insert the following new
2 sections:

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

5 Sec. 2. For purposes of the Property Tax Request Limitation Act:

6 (1) Approved bonds means bonds that are issued by a school district
7 after the question of issuing such bonds has been approved by the voters
8 of such school district;

9 (2) Average daily membership has the same meaning as in section
10 79-1003;

11 (3) Base growth percentage means the greater of (a) two and one-half
12 percent or (b) the percentage increase in the Consumer Price Index for
13 All Urban Consumers, as prepared by the United States Department of
14 Labor, Bureau of Labor Statistics, for the twelve-month period ending on
15 June 30 of the year in which the property tax request is made;

16 (4) Department means the State Department of Education;

17 (5) Equalization aid means the equalization aid received by a school
18 district pursuant to the Tax Equity and Educational Opportunities Support
19 Act;

20 (6) Non-property-tax revenue means revenue of a school district from
21 all sources other than real and personal property taxes. The term
22 includes equalization aid;

23 (7) Property tax request means the amount of property taxes
24 requested by a school district pursuant to section 77-1601.02;

25 (8) Property tax request authority means the amount that may be
26 included in a property tax request as determined pursuant to the Property
27 Tax Request Limitation Act;

- 1 (9) School board has the same meaning as in section 79-101;
- 2 (10) School district has the same meaning as in section 79-101; and
- 3 (11) Student enrollment means the total number of students in the
- 4 school district according to the fall school district membership report
- 5 described in subsection (4) of section 79-528.

6 Sec. 3. (1) Except as provided in section 5 of this act, a school

7 district's property tax request for any year shall not exceed the school

8 district's property tax request authority.

9 (2) The school board of each school district shall calculate the

10 school district's property tax request authority each year as follows:

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

12 shall be increased by whichever of the following percentages is the

13 highest:

- 14 (i) The base growth percentage;
- 15 (ii) The annual percentage increase in the student enrollment of the
- 16 school district;
- 17 (iii) The percentage obtained by dividing the annual increase in the
- 18 total number of limited English proficiency students in the school
- 19 district by the student enrollment of the school district; or
- 20 (iv) The percentage obtained by dividing the annual increase in the
- 21 total number of poverty students in the school district by the student
- 22 enrollment of the school district; and

23 (b) The amount determined under subdivision (2)(a) of this section

24 shall then be:

- 25 (i) Decreased by an amount equal to the amount by which total non-
- 26 property-tax revenue for the current year exceeds the total non-property-
- 27 tax revenue for the prior year. In determining the total non-property-tax
- 28 revenue for the current year, any category of non-property-tax revenue
- 29 for which there is insufficient data as of August 1 to make an accurate
- 30 determination shall be deemed to be equal to the prior year's amount; or
- 31 (ii) Increased by an amount equal to the amount by which total non-

1 property-tax revenue for the prior year exceeds the total non-property-
2 tax revenue for the current year. In determining the total non-property-
3 tax revenue for the current year, any category of non-property-tax
4 revenue for which there is insufficient data as of August 1 to make an
5 accurate determination shall be deemed to be equal to the prior year's
6 amount.

7 (3) For the year 2019 only, when comparing the total non-property-
8 tax revenue for the current year to the total non-property-tax revenue
9 for the prior year under subdivision (2)(b) of this section, the
10 equalization aid for the current year shall be deemed to be equal to the
11 prior year's amount.

12 (4) The school board shall report the amount determined under
13 subsection (2) of this section to the department upon forms prescribed by
14 the department. If the department determines that such amount was
15 calculated correctly, the department shall approve and certify the amount
16 to the school board. Such certified amount shall be the school district's
17 property tax request authority.

18 Sec. 4. Section 3 of this act shall not apply to that portion of a
19 school district's property tax request that is needed to pay the
20 principal and interest on approved bonds.

21 Sec. 5. (1) A school district's property tax request may exceed its
22 property tax request authority by an amount approved by a majority of
23 legal voters voting on the issue at a special election called for such
24 purpose upon the recommendation of the school board of such school
25 district or upon the receipt by the county clerk or election commissioner
26 of a petition requesting an election signed by at least five percent of
27 the legal voters of the school district. The recommendation of the school
28 board or the petition of the legal voters shall include the amount by
29 which the school board would increase its property tax request for the
30 year over and above the property tax request authority of such school
31 district. The county clerk or election commissioner shall call for a

1 special election on the issue within thirty days after the receipt of
2 such school board recommendation or legal voter petition. The election
3 shall be held pursuant to the Election Act, and all costs shall be paid
4 by the school board.

5 (2) A school district's property tax request may exceed its property
6 tax request authority by a percentage approved by an affirmative vote of
7 at least seventy-five percent of the school board. Such percentage shall
8 not exceed:

9 (a) Seven percent for school districts with an average daily
10 membership of up to four hundred seventy-one students;

11 (b) Six percent for school districts with an average daily
12 membership of more than four hundred seventy-one students but no more
13 than three thousand forty-four students;

14 (c) Five percent for school districts with an average daily
15 membership of more than three thousand forty-four students but no more
16 than ten thousand students; or

17 (d) Four percent for school districts with an average daily
18 membership of more than ten thousand students.

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

28 Sec. 7. The department shall prepare documents to be used by school
29 boards when calculating a school district's property tax request
30 authority and unused property tax request authority. Each school board
31 shall submit such documents to the department on or before September 20

1 of each year. If a school board fails to submit such documents to the
2 department or if the department determines from such documents that a
3 school district is not complying with the limits provided in the Property
4 Tax Request Limitation Act, the department shall notify the school board
5 of its determination. The Commissioner of Education shall then direct
6 that any state aid granted pursuant to the Tax Equity and Educational
7 Opportunities Support Act be withheld until such time as the school board
8 submits the required documents or complies with the Property Tax Request
9 Limitation Act. The state aid shall be held for six months. If the school
10 board complies within the six-month period, it shall receive the
11 suspended state aid. If the school board fails to comply within the six-
12 month period, the suspended state aid shall revert to the General Fund.

13 Sec. 8. The department may adopt and promulgate rules and
14 regulations to carry out the Property Tax Request Limitation Act.

15 Sec. 9. Sections 9 to 16 of this act shall be known and may be
16 cited as the Occupational Learning Opportunities Act.

17 Sec. 10. The Legislature finds that in order to be competitive in a
18 global economy, Nebraska must create educational and workforce
19 development programs in high-demand, high-skill fields. The Legislature
20 further finds that business interests in Nebraska have identified
21 development of a skilled workforce as essential to building Nebraska's
22 economy.

23 Sec. 11. For purposes of the Occupational Learning Opportunities
24 Act:

25 (1) Department means the Department of Economic Development;

26 (2) Employee means an individual who is employed within this state
27 by an employer and works at least ninety percent of his or her time in
28 this state;

29 (3) Employer means any individual, partnership, limited liability
30 partnership, limited liability company, association, corporation,
31 nonprofit corporation, business trust, legal representative, or other

1 business entity that employs one or more employees and is subject to
2 withholding under section 77-2753. Employer does not include the State of
3 Nebraska or any political subdivision thereof;

4 (4) High-needs job means a high-demand, high-skills job in a field
5 that includes, but is not limited to, commerce, innovation, mathematics,
6 science, teaching, and technology;

7 (5) Internship means employment of a student for a limited period of
8 time in a professional or technical position in which the student:

9 (a) Gains valuable work experience;

10 (b) Increases knowledge that assists with career decisionmaking; and

11 (c) Assists the business in accelerating short-term business
12 objectives;

13 (6) Job training activity means any activity designed to teach the
14 skills and knowledge needed for employment; and

15 (7) Student means any person who:

16 (a) Is in eleventh or twelfth grade in a public or private high
17 school or a school which elects pursuant to section 79-1601 not to meet
18 accreditation or approval requirements in Nebraska;

19 (b) Is enrolled full-time in a college, university, or other
20 institution of higher education; or

21 (c) Applies for an internship within six months following graduation
22 from a college, university, or other institution of higher education.

23 Sec. 12. (1) An employer that plans to provide job training
24 activities to its employees during a calendar year may apply to the
25 department from January 1 to May 31 of that calendar year to receive a
26 just-in-time tax credit under this section.

27 (2) To be eligible for the just-in-time tax credit, the employer
28 must agree to provide job training activities during the calendar year to
29 at least one employee who will:

30 (a) Work in a high-needs job as determined by the department. The
31 department shall publish a list of jobs deemed to be high-needs jobs no

1 later than January 1 of each year;

2 (b) Work a minimum of thirty-five hours per week for at least six
3 months of the calendar year;

4 (c) Participate in at least forty hours but no more than one hundred
5 sixty hours of job training activities during the year; and

6 (d) Upon completion of the job training activities:

7 (i) Be paid at a wage level that, when annualized, is at least equal
8 to two hundred forty percent of the federal poverty level for an
9 individual and receive employer-provided health benefits; or

10 (ii) Be paid at a wage level that, when annualized, is at least
11 equal to two hundred seventy-five percent of the federal poverty level
12 for an individual.

13 (3) The just-in-time tax credit shall be equal to seventy-five
14 percent of the reasonable costs of the job training activities provided
15 to the employee, not to exceed two thousand dollars, for any employee
16 who:

17 (a) Is homeless or a participant in the Temporary Assistance for
18 Needy Families program, 42 U.S.C. 601, et seq.;

19 (b) Is a veteran;

20 (c) Has been convicted of a felony;

21 (d) Qualifies for free or reduced-price lunches as a student; or

22 (e) Is a Federal Pell Grant recipient.

23 (4) The just-in-time tax credit shall be equal to seventy-five
24 percent of the reasonable costs of the job training activities provided
25 to the employee, not to exceed one thousand dollars, for any employee not
26 described in subsection (3) of this section.

27 (5) The employer may use the just-in-time tax credit to reduce the
28 employer's income tax withholding employer or payor tax liability under
29 section 77-2756 or 77-2757. To the extent of the credit used, such
30 withholding shall not constitute public funds or state tax revenue and
31 shall not constitute a trust fund or be owned by the state. The use by

1 the employer of the credit shall not change the amount that otherwise
2 would be reported by the employer to the employee under section 77-2754
3 as income tax withheld and shall not reduce the amount that otherwise
4 would be allowed by the state as a refundable credit on an employee's
5 income tax return as income tax withheld under section 77-2755.

6 (6) The employer shall apply for the just-in-time tax credit by
7 submitting an application to the department. If the employer is
8 requesting the credit described in subsection (3) of this section, the
9 employer shall include documentation that the employee meets one of the
10 qualifications in subsection (3) of this section. If the department
11 determines that an application is complete and that the employer
12 qualifies for credits, the department shall approve the application
13 within the limits set forth in subsection (7) of this section and shall
14 certify the amount of tax credits approved to the employer.

15 (7) The department shall consider applications in the order in which
16 they are received and may approve up to five million dollars in just-in-
17 time tax credits in any calendar year. Of such five million dollars, the
18 department shall:

19 (a) Award one-sixth of such amount to employers that have no more
20 than fifty employees and are located in the first congressional district;

21 (b) Award one-sixth of such amount to employers that have more than
22 fifty employees and are located in the first congressional district;

23 (c) Award one-sixth of such amount to employers that have no more
24 than fifty employees and are located in the second congressional
25 district;

26 (d) Award one-sixth of such amount to employers that have more than
27 fifty employees and are located in the second congressional district;

28 (e) Award one-sixth of such amount to employers that have no more
29 than fifty employees and are located in the third congressional district;
30 and

31 (f) Award one-sixth of such amount to employers that have more than

1 fifty employees and are located in the third congressional district.

2 (8) The department shall provide a second application period during
3 any calendar year in which there are unused funds remaining for any
4 category of employer described in subsection (7) of this section. Such
5 second application period shall run from June 1 of such calendar year
6 until the earlier of the date when all unused funds have been awarded or
7 December 31. In making award decisions under this subsection, the
8 department shall consider applications in the order in which they are
9 received and may award just-in-time tax credits to any employer that
10 qualifies under subsection (2) of this section.

11 Sec. 13. (1) An employer that plans to provide internships to
12 students during a calendar year may apply to the department from January
13 1 to May 31 of that calendar year to receive a Nebraska intern tax credit
14 under this section.

15 (2) To be eligible for the Nebraska intern tax credit, the employer
16 must agree to provide an internship during the calendar year which meets
17 the following requirements:

18 (a) The student must be paid at least the state minimum hourly wage
19 for the internship;

20 (b) The internship must be completed within the State of Nebraska;

21 (c) The internship must be completed within a period of no more than
22 twelve months; and

23 (d) The internship must be for a duration sufficient to allow the
24 student to gain significant valuable work experience and knowledge.

25 (3) The Nebraska intern tax credit shall be in the following amounts
26 for each student receiving an internship:

27 (a) If the student receiving the internship is a Federal Pell Grant
28 recipient or qualifies for free or reduced-price lunches at the time of
29 application, the credit shall be the lesser of seventy-five percent of
30 the cost of the internship or seven thousand five hundred dollars. The
31 business applying for the credit shall provide the department with

1 documentation to prove that the student is a Federal Pell Grant recipient
2 or qualifies for free or reduced-price lunches; or

3 (b) For all other students, the credit shall be the lesser of
4 seventy-five percent of the cost of the internship or five thousand
5 dollars.

6 (4) The employer may use the Nebraska intern tax credit to reduce
7 the employer's income tax withholding employer or payor tax liability
8 under section 77-2756 or 77-2757. To the extent of the credit used, such
9 withholding shall not constitute public funds or state tax revenue and
10 shall not constitute a trust fund or be owned by the state. The use by
11 the employer of the credit shall not change the amount that otherwise
12 would be reported by the employer to the employee under section 77-2754
13 as income tax withheld and shall not reduce the amount that otherwise
14 would be allowed by the state as a refundable credit on an employee's
15 income tax return as income tax withheld under section 77-2755.

16 (5) The employer shall apply for the Nebraska intern tax credit by
17 submitting an application to the department. If the department determines
18 that an application is complete and that the employer qualifies for
19 credits, the department shall approve the application within the limits
20 set forth in subsection (6) of this section and shall certify the amount
21 of tax credits approved to the employer.

22 (6) The department shall consider applications in the order in which
23 they are received and may approve up to five million dollars in Nebraska
24 intern tax credits in any calendar year. Of such five million dollars,
25 the department shall:

26 (a) Award one-sixth of such amount to employers that have no more
27 than fifty employees and are located in the first congressional district;

28 (b) Award one-sixth of such amount to employers that have more than
29 fifty employees and are located in the first congressional district;

30 (c) Award one-sixth of such amount to employers that have no more
31 than fifty employees and are located in the second congressional

1 district;

2 (d) Award one-sixth of such amount to employers that have more than
3 fifty employees and are located in the second congressional district;

4 (e) Award one-sixth of such amount to employers that have no more
5 than fifty employees and are located in the third congressional district;
6 and

7 (f) Award one-sixth of such amount to employers that have more than
8 fifty employees and are located in the third congressional district.

9 (7) The department shall provide a second application period during
10 any calendar year in which there are unused funds remaining for any
11 category of employer described in subsection (6) of this section. Such
12 second application period shall run from June 1 of such calendar year
13 until the earlier of the date when all unused funds have been awarded or
14 December 31. In making award decisions under this subsection, the
15 department shall consider applications in the order in which they are
16 received and may award Nebraska intern tax credits to any employer that
17 qualifies under subsection (2) of this section.

18 Sec. 14. (1) An employer that plans to hire a student completing an
19 internship or an employee completing job training activities during a
20 calendar year may apply to the department from January 1 to May 31 of
21 such calendar year to receive a post-training tax credit under this
22 section.

23 (2) To be eligible for the post-training tax credit, the employer
24 must agree to hire the student or employee within one month after the
25 internship or job training activity ends for a position in which the
26 student or employee will:

27 (a) Work a minimum of forty hours per week for at least one year;
28 and

29 (b)(i) Be paid at a wage level that, when annualized, is at least
30 equal to three hundred percent of the federal poverty level for an
31 individual and receive employer-provided health benefits; or

1 (ii) Be paid at a wage level that, when annualized, is at least
2 equal to three hundred fifty percent of the federal poverty level for an
3 individual.

4 (3) The post-training tax credit shall be in the following amounts
5 for each student hired after an internship ends:

6 (a) If the student was a Federal Pell Grant recipient or qualified
7 for free or reduced-price lunches, the credit shall be ten thousand
8 dollars. The employer applying for the credit shall provide the
9 department with documentation to prove that the student was a Federal
10 Pell Grant recipient or qualified for free or reduced-price lunches; or

11 (b) For all other students, the credit shall be eight thousand
12 dollars.

13 (4) The post-training tax credit shall be in the following amounts
14 for each employee hired after job training activities end:

15 (a) If the employee met one of the qualifications described in
16 subsection (3) of section 12 of this act, the credit shall be ten
17 thousand dollars. The employer applying for the credit shall provide the
18 department with documentation to prove that the employee met one of the
19 qualifications described in subsection (3) of section 12 of this act; or

20 (b) For all other employees, the credit shall be eight thousand
21 dollars.

22 (5) The employer may use the post-training tax credit to reduce the
23 employer's income tax withholding employer or payor tax liability under
24 section 77-2756 or 77-2757. To the extent of the credit used, such
25 withholding shall not constitute public funds or state tax revenue and
26 shall not constitute a trust fund or be owned by the state. The use by
27 the employer of the credit shall not change the amount that otherwise
28 would be reported by the employer to the employee under section 77-2754
29 as income tax withheld and shall not reduce the amount that otherwise
30 would be allowed by the state as a refundable credit on an employee's
31 income tax return as income tax withheld under section 77-2755.

1 (6) The employer shall apply for the post-training tax credit by
2 submitting an application to the department. If the department determines
3 that an application is complete and that the employer qualifies for
4 credits, the department shall approve the application within the limits
5 set forth in subsection (7) of this section and shall certify the amount
6 of tax credits approved to the employer.

7 (7) The department shall consider applications in the order in which
8 they are received and may approve up to five million dollars in post-
9 training tax credits in any calendar year. Of such five million dollars,
10 the department shall:

11 (a) Award one-sixth of such amount to employers that have no more
12 than fifty employees and are located in the first congressional district;

13 (b) Award one-sixth of such amount to employers that have more than
14 fifty employees and are located in the first congressional district;

15 (c) Award one-sixth of such amount to employers that have no more
16 than fifty employees and are located in the second congressional
17 district;

18 (d) Award one-sixth of such amount to employers that have more than
19 fifty employees and are located in the second congressional district;

20 (e) Award one-sixth of such amount to employers that have no more
21 than fifty employees and are located in the third congressional district;
22 and

23 (f) Award one-sixth of such amount to employers that have more than
24 fifty employees and are located in the third congressional district.

25 (8) The department shall provide a second application period during
26 any calendar year in which there are unused funds remaining for any
27 category of employer described in subsection (7) of this section. Such
28 second application period shall run from June 1 of such calendar year
29 until the earlier of the date when all unused funds have been awarded or
30 December 31. In making award decisions under this subsection, the
31 department shall consider applications in the order in which they are

1 received and may award post-training tax credits to any employer that
2 qualifies under subsection (2) of this section.

3 Sec. 15. If the department determines that an employer violated its
4 agreement under section 12, 13, or 14 of this act and received credits to
5 which it was not entitled, the department may recapture all or a portion
6 of the tax credits claimed. Such recapture shall be allowed for a period
7 of three years after the end of the taxable year in which the credits
8 were claimed.

9 Sec. 16. The department shall adopt and promulgate rules and
10 regulations to carry out the Occupational Learning Opportunities Act.

11 Sec. 17. Section 76-901, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 76-901 There is hereby imposed a tax on the grantor executing the
14 deed as defined in section 76-203 upon the transfer of a beneficial
15 interest in or legal title to real estate at the rate of three ~~two~~
16 dollars and fifty ~~twenty-five~~ cents for each one thousand dollars value
17 or fraction thereof. For purposes of sections 76-901 to 76-908, value
18 means (1) in the case of any deed, not a gift, the amount of the full
19 actual consideration thereof, paid or to be paid, including the amount of
20 any lien or liens assumed, and (2) in the case of a gift or any deed with
21 nominal consideration or without stated consideration, the current market
22 value of the property transferred. Such tax shall be evidenced by stamps
23 to be attached to the deed. All deeds purporting to transfer legal title
24 or beneficial interest shall be presumed taxable unless it clearly
25 appears on the face of the deed or sufficient documentary proof is
26 presented to the register of deeds that the instrument is exempt under
27 section 76-902.

28 Sec. 18. Section 76-903, Revised Statutes Cumulative Supplement,
29 2016, is amended to read:

30 76-903 The Tax Commissioner shall design such stamps in such
31 denominations as in his or her judgment will be the most advantageous to

1 all persons concerned. When any deed subject to the tax imposed by
2 section 76-901 is offered for recordation, the register of deeds shall
3 ascertain and compute the amount of the tax due thereon and shall collect
4 such amount as a prerequisite to acceptance of the deed for recordation.
5 If a dispute arises concerning the taxability of the transfer, the
6 register of deeds shall not record the deed until the disputed tax is
7 paid. If a disputed tax has been paid, the taxpayer may file for a refund
8 pursuant to section 76-908. The taxpayer may also seek a declaratory
9 ruling pursuant to rules and regulations adopted and promulgated by the
10 Department of Revenue. From each three ~~two~~ dollars and fifty ~~twenty-five~~
11 cents of tax collected pursuant to section 76-901, the register of deeds
12 shall retain fifty cents to be placed in the county general fund and
13 shall remit the balance to the State Treasurer who shall credit ninety-
14 five cents of such amount to the Affordable Housing Trust Fund, twenty-
15 five cents of such amount to the Site and Building Development Fund,
16 twenty-five cents of such amount to the Homeless Shelter Assistance Trust
17 Fund, ~~and~~ thirty cents of such amount to the Behavioral Health Services
18 Fund, and one dollar and twenty-five cents of such amount to the Property
19 Tax Credit Cash Fund.

20 Sec. 19. Section 77-202, Revised Statutes Cumulative Supplement,
21 2016, is amended to read:

22 77-202 (1) The following property shall be exempt from property
23 taxes:

24 (a) Property of the state and its governmental subdivisions to the
25 extent used or being developed for use by the state or governmental
26 subdivision for a public purpose. For purposes of this subdivision:

27 (i) Property of the state and its governmental subdivisions means
28 (A) property held in fee title by the state or a governmental subdivision
29 or (B) property beneficially owned by the state or a governmental
30 subdivision in that it is used for a public purpose and is being acquired
31 under a lease-purchase agreement, financing lease, or other instrument

1 which provides for transfer of legal title to the property to the state
2 or a governmental subdivision upon payment of all amounts due thereunder.
3 If the property to be beneficially owned by a governmental subdivision
4 has a total acquisition cost that exceeds the threshold amount or will be
5 used as the site of a public building with a total estimated construction
6 cost that exceeds the threshold amount, then such property shall qualify
7 for an exemption under this section only if the question of acquiring
8 such property or constructing such public building has been submitted at
9 a primary, general, or special election held within the governmental
10 subdivision and has been approved by the voters of the governmental
11 subdivision. For purposes of this subdivision, threshold amount means the
12 greater of fifty thousand dollars or six-tenths of one percent of the
13 total actual value of real and personal property of the governmental
14 subdivision that will beneficially own the property as of the end of the
15 governmental subdivision's prior fiscal year; and

16 (ii) Public purpose means use of the property (A) to provide public
17 services with or without cost to the recipient, including the general
18 operation of government, public education, public safety, transportation,
19 public works, civil and criminal justice, public health and welfare,
20 developments by a public housing authority, parks, culture, recreation,
21 community development, and cemetery purposes, or (B) to carry out the
22 duties and responsibilities conferred by law with or without
23 consideration. Public purpose does not include leasing of property to a
24 private party unless the lease of the property is at fair market value
25 for a public purpose. Leases of property by a public housing authority to
26 low-income individuals as a place of residence are for the authority's
27 public purpose;

28 (b) Unleased property of the state or its governmental subdivisions
29 which is not being used or developed for use for a public purpose but
30 upon which a payment in lieu of taxes is paid for public safety, rescue,
31 and emergency services and road or street construction or maintenance

1 services to all governmental units providing such services to the
2 property. Except as provided in Article VIII, section 11, of the
3 Constitution of Nebraska, the payment in lieu of taxes shall be based on
4 the proportionate share of the cost of providing public safety, rescue,
5 or emergency services and road or street construction or maintenance
6 services unless a general policy is adopted by the governing body of the
7 governmental subdivision providing such services which provides for a
8 different method of determining the amount of the payment in lieu of
9 taxes. The governing body may adopt a general policy by ordinance or
10 resolution for determining the amount of payment in lieu of taxes by
11 majority vote after a hearing on the ordinance or resolution. Such
12 ordinance or resolution shall nevertheless result in an equitable
13 contribution for the cost of providing such services to the exempt
14 property;

15 (c) Property owned by and used exclusively for agricultural and
16 horticultural societies;

17 (d) Property owned by educational, religious, charitable, or
18 cemetery organizations, or any organization for the exclusive benefit of
19 any such educational, religious, charitable, or cemetery organization,
20 and used exclusively for educational, religious, charitable, or cemetery
21 purposes, when such property is not (i) owned or used for financial gain
22 or profit to either the owner or user, (ii) used for the sale of
23 alcoholic liquors for more than twenty hours per week, or (iii) owned or
24 used by an organization which discriminates in membership or employment
25 based on race, color, or national origin. For purposes of this
26 subdivision, educational organization means (A) an institution operated
27 exclusively for the purpose of offering regular courses with systematic
28 instruction in academic, vocational, or technical subjects or assisting
29 students through services relating to the origination, processing, or
30 guarantying of federally reinsured student loans for higher education or
31 (B) a museum or historical society operated exclusively for the benefit

1 and education of the public. For purposes of this subdivision, charitable
2 organization includes an organization operated exclusively for the
3 purpose of the mental, social, or physical benefit of the public or an
4 indefinite number of persons and a fraternal benefit society organized
5 and licensed under sections 44-1072 to 44-10,109; and

6 (e) Household goods and personal effects not owned or used for
7 financial gain or profit to either the owner or user.

8 (2) The increased value of land by reason of shade and ornamental
9 trees planted along the highway shall not be taken into account in the
10 valuation of land.

11 (3) Tangible personal property which is not depreciable tangible
12 personal property as defined in section 77-119 shall be exempt from
13 property tax.

14 (4) Motor vehicles, trailers, and semitrailers required to be
15 registered for operation on the highways of this state shall be exempt
16 from payment of property taxes.

17 (5) Business and agricultural inventory shall be exempt from the
18 personal property tax. For purposes of this subsection, business
19 inventory includes personal property owned for purposes of leasing or
20 renting such property to others for financial gain only if the personal
21 property is of a type which in the ordinary course of business is leased
22 or rented thirty days or less and may be returned at the option of the
23 lessee or renter at any time and the personal property is of a type which
24 would be considered household goods or personal effects if owned by an
25 individual. All other personal property owned for purposes of leasing or
26 renting such property to others for financial gain shall not be
27 considered business inventory.

28 (6) Any personal property exempt pursuant to subsection (2) of
29 section 77-4105 or section 77-5209.02 shall be exempt from the personal
30 property tax.

31 (7) Livestock shall be exempt from the personal property tax.

1 (8) Any personal property exempt pursuant to the Nebraska Advantage
2 Act shall be exempt from the personal property tax.

3 (9) Any depreciable tangible personal property used directly in the
4 generation of electricity using wind as the fuel source shall be exempt
5 from the property tax levied on depreciable tangible personal property.
6 Any depreciable tangible personal property used directly in the
7 generation of electricity using solar, biomass, or landfill gas as the
8 fuel source shall be exempt from the property tax levied on depreciable
9 tangible personal property if such depreciable tangible personal property
10 was installed on or after January 1, 2016, and has a nameplate capacity
11 of one hundred kilowatts or more. Depreciable tangible personal property
12 used directly in the generation of electricity using wind, solar,
13 biomass, or landfill gas as the fuel source includes, but is not limited
14 to, wind turbines, rotors and blades, towers, solar panels, trackers,
15 generating equipment, transmission components, substations, supporting
16 structures or racks, inverters, and other system components such as
17 wiring, control systems, switchgears, and generator step-up transformers.

18 (10) Any tangible personal property that is acquired by a person
19 operating a data center located in this state, that is assembled,
20 engineered, processed, fabricated, manufactured into, attached to, or
21 incorporated into other tangible personal property, both in component
22 form or that of an assembled product, for the purpose of subsequent use
23 at a physical location outside this state by the person operating a data
24 center shall be exempt from the personal property tax. Such exemption
25 extends to keeping, retaining, or exercising any right or power over
26 tangible personal property in this state for the purpose of subsequently
27 transporting it outside this state for use thereafter outside this state.
28 For purposes of this subsection, data center means computers, supporting
29 equipment, and other organized assembly of hardware or software that are
30 designed to centralize the storage, management, or dissemination of data
31 and information, environmentally controlled structures or facilities or

1 interrelated structures or facilities that provide the infrastructure for
2 housing the equipment, such as raised flooring, electricity supply,
3 communication and data lines, Internet access, cooling, security, and
4 fire suppression, and any building housing the foregoing.

5 (11) For each person who owns property required to be reported to
6 the county assessor under section 77-1201, there shall be allowed, for
7 tax years prior to tax year 2019, an exemption amount as provided in the
8 Personal Property Tax Relief Act. For each person who owns property
9 required to be valued by the state as provided in section 77-601, 77-682,
10 77-801, or 77-1248, there shall be allowed, for tax years prior to tax
11 year 2019, a compensating exemption factor as provided in the Personal
12 Property Tax Relief Act.

13 Sec. 20. Section 77-382, Revised Statutes Cumulative Supplement,
14 2016, is amended to read:

15 77-382 (1) The department shall prepare a tax expenditure report
16 describing (a) the basic provisions of the Nebraska tax laws, (b) the
17 actual or estimated revenue loss caused by the exemptions, deductions,
18 exclusions, deferrals, credits, and preferential rates in effect on July
19 1 of each year and allowed under Nebraska's tax structure and in the
20 property tax, (c) the actual or estimated revenue loss caused by failure
21 to impose sales and use tax on services purchased for nonbusiness use,
22 and (d) the elements which make up the tax base for state and local
23 income, including income, sales and use, property, and miscellaneous
24 taxes.

25 (2) The department shall review the major tax exemptions for which
26 state general funds are used to reduce the impact of revenue lost due to
27 a tax expenditure. The report shall indicate an estimate of the amount of
28 the reduction in revenue resulting from the operation of all tax
29 expenditures. The report shall list each tax expenditure relating to
30 sales and use tax under the following categories:

31 (a) Agriculture, which shall include a separate listing for the

1 following items: Agricultural machinery; agricultural chemicals; seeds
2 sold to commercial producers; water for irrigation and manufacturing;
3 commercial artificial insemination; mineral oil as dust suppressant;
4 animal grooming; oxygen for use in aquaculture; animal life whose
5 products constitute food for human consumption; and grains;

6 (b) Business across state lines, which shall include a separate
7 listing for the following items: Property shipped out-of-state;
8 fabrication labor for items to be shipped out-of-state; property to be
9 transported out-of-state; property purchased in other states to be used
10 in Nebraska; aircraft delivery to an out-of-state resident or business;
11 state reciprocal agreements for industrial machinery; and property taxed
12 in another state;

13 (c) Common carrier and logistics, which shall include a separate
14 listing for the following items: Railroad rolling stock and repair parts
15 and services; common or contract carriers and repair parts and services;
16 common or contract carrier accessories; and common or contract carrier
17 safety equipment;

18 (d) Consumer goods, which shall include a separate listing for the
19 following items: Motor vehicles and motorboat trade-ins; merchandise
20 trade-ins; certain medical equipment and medicine; ~~newspapers;~~
21 ~~laundromats; telefloral deliveries;~~ motor vehicle discounts for the
22 disabled; and political campaign fundraisers;

23 (e) Energy, which shall include a separate listing for the following
24 items: Motor fuels; energy used in industry; energy used in agriculture;
25 aviation fuel; and minerals, oil, and gas severed from real property;

26 (f) Food, which shall include a separate listing for the following
27 items: Food for home consumption; Supplemental Nutrition Assistance
28 Program; ~~school lunches;~~ meals sold by hospitals; meals sold by
29 institutions at a flat rate; food for the elderly, handicapped, and
30 Supplemental Security Income recipients; and meals sold by churches;

31 (g) General business, which shall include a separate listing for the

1 following items: Component and ingredient parts; manufacturing machinery;
2 containers; film rentals; molds and dies; syndicated programming;
3 intercompany sales; intercompany leases; sale of a business or farm
4 machinery; and transfer of property in a change of business ownership;

5 (h) Lodging and shelter, which shall include a separate listing for
6 the following item: Room rentals by certain institutions;

7 (i) Miscellaneous, which shall include a separate listing for the
8 following items: Cash discounts and coupons; separately stated finance
9 charges; casual sales; lease-to-purchase agreements; and separately
10 stated taxes;

11 (j) Nonprofits, governments, and exempt entities, which shall
12 include a separate listing for the following items: Purchases by
13 political subdivisions of the state; purchases by churches and nonprofit
14 colleges and medical facilities; purchasing agents for public real estate
15 construction improvements; contractor as purchasing agent for public
16 agencies; Nebraska lottery; ~~admissions to school events~~; sales on Native
17 American Indian reservations; school-supporting fundraisers; ~~fine art~~
18 ~~purchases by a museum~~; purchases by the Nebraska State Fair Board;
19 purchases by the Nebraska Investment Finance Authority and licensees of
20 the State Racing Commission; purchases by the United States Government;
21 public records; and sales by religious organizations;

22 (k) Recent sales tax expenditures, which shall include a separate
23 listing for each sales tax expenditure created by statute or rule and
24 regulation after July 19, 2012;

25 (l) Services purchased for nonbusiness use, which shall include a
26 separate listing for each such service, including, but not limited to,
27 the following items: Motor vehicle ~~cleaning~~, maintenance, and repair
28 services; ~~cleaning and repair of clothing~~; ~~cleaning, maintenance, and~~
29 ~~repair of other tangible personal property~~; ~~maintenance, painting, and~~
30 ~~repair of real property~~; entertainment admissions; ~~personal care~~
31 ~~services~~; lawn care, gardening, and landscaping services; pet-related

1 ~~services; storage and moving services;~~ household utilities; other
2 ~~personal services; taxi, limousine, and other transportation services;~~
3 legal services; accounting services; other professional services; and
4 other real estate services; and

5 (m) Telecommunications, which shall include a separate listing for
6 the following items: Telecommunications access charges; ~~prepaid calling~~
7 ~~arrangements;~~ conference bridging services; and nonvoice data services.

8 (3) It is the intent of the Legislature that nothing in the Tax
9 Expenditure Reporting Act shall cause the valuation or assessment of any
10 property exempt from taxation on the basis of its use exclusively for
11 religious, educational, or charitable purposes.

12 Sec. 21. Section 77-693, Revised Statutes Cumulative Supplement,
13 2016, is amended to read:

14 77-693 (1) The Property Tax Administrator in determining the taxable
15 value of railroads and car lines shall determine the following ratios
16 involving railroad and car line property and commercial and industrial
17 property:

18 (a) The ratio of the taxable value of all commercial and industrial
19 personal property in the state actually subjected to property tax divided
20 by the market value of all commercial and industrial personal property in
21 the state;

22 (b) The ratio of the taxable value of all commercial and industrial
23 real property in the state actually subjected to property tax divided by
24 the market value of all commercial and industrial real property in the
25 state;

26 (c) The ratio of the taxable value of railroad personal property to
27 the market value of railroad personal property. The numerator of the
28 ratio shall be the taxable value of railroad personal property. The
29 denominator of the ratio shall be the railroad system value allocated to
30 Nebraska and multiplied by a factor representing the net book value of
31 rail transportation personal property divided by the net book value of

1 total rail transportation property;

2 (d) The ratio of the taxable value of railroad real property to the
3 market value of railroad real property. The numerator of the ratio shall
4 be the taxable value of railroad real property. The denominator of the
5 ratio shall be the railroad system value allocated to Nebraska and
6 multiplied by a factor representing the net book value of rail
7 transportation real property divided by the net book value of total rail
8 transportation property; and

9 (e) Similar calculations shall be made for car line taxable
10 properties.

11 (2) If the ratio of the taxable value of railroad and car line
12 personal or real property exceeds the ratio of the comparable taxable
13 commercial and industrial property by more than five percent, the
14 Property Tax Administrator may adjust the value of such railroad and car
15 line property to the percentage of the comparable taxable commercial and
16 industrial property pursuant to federal statute or Nebraska federal court
17 decisions applicable thereto.

18 (3) For purposes of this section, commercial and industrial property
19 shall mean all real and personal property which is devoted to commercial
20 or industrial use other than rail transportation property and land used
21 primarily for agricultural purposes.

22 (4) After the adjustment made pursuant to subsections (1) and (2) of
23 this section, the Property Tax Administrator shall, for tax years prior
24 to tax year 2019, multiply the value of the tangible personal property of
25 each railroad and car line by the compensating exemption factor
26 calculated in section 77-1238.

27 Sec. 22. Section 77-801, Revised Statutes Cumulative Supplement,
28 2016, is amended to read:

29 77-801 (1) All public service entities shall, on or before April 15
30 of each year, furnish a statement specifying such information as may be
31 required by the Property Tax Administrator on forms prescribed by the Tax

1 Commissioner to determine and distribute the entity's total taxable value
2 including the franchise value. All information reported by the public
3 service entities, not available from any other public source, and any
4 memorandum thereof shall be confidential and available to taxing
5 officials only. For good cause shown, the Property Tax Administrator may
6 allow an extension of time in which to file such statement. Such
7 extension shall not exceed fifteen days after April 15.

8 (2) The returns of public service entities shall not be held to be
9 conclusive as to the taxable value of the property, but the Property Tax
10 Administrator shall, from all the information which he or she is able to
11 obtain, find the taxable value of all such property, including tangible
12 property and franchises, and shall assess such property on the same basis
13 as other property is required to be assessed.

14 (3) The county assessor shall assess all nonoperating property of
15 any public service entity. A public service entity operating within the
16 State of Nebraska shall, on or before January 1 of each year, report to
17 the county assessor of each county in which it has situs all nonoperating
18 property belonging to such entity which is not subject to assessment and
19 assessed by the Property Tax Administrator under section 77-802.

20 (4) The Property Tax Administrator shall, for tax years prior to tax
21 year 2019, multiply the value of the tangible personal property of each
22 public service entity by the compensating exemption factor calculated in
23 section 77-1238.

24 Sec. 23. Section 77-1116, Revised Statutes Cumulative Supplement,
25 2016, is amended to read:

26 77-1116 (1) A qualified community development entity that seeks to
27 have an equity investment or long-term debt security designated as a
28 qualified equity investment and eligible for tax credits under the New
29 Markets Job Growth Investment Act shall apply to the Tax Commissioner.
30 There shall be no new applications for such designation filed under this
31 section after December 31, 2018 ~~2022~~.

1 (2) The qualified community development entity shall submit an
2 application on a form that the Tax Commissioner provides that includes:

3 (a) Evidence of the entity's certification as a qualified community
4 development entity, including evidence of the service area of the entity
5 that includes this state;

6 (b) A copy of the allocation agreement executed by the entity, or
7 its controlling entity, and the Community Development Financial
8 Institutions Fund referred to in section 77-1109;

9 (c) A certificate executed by an executive officer of the entity
10 attesting that the allocation agreement remains in effect and has not
11 been revoked or canceled by the Community Development Financial
12 Institutions Fund referred to in section 77-1109;

13 (d) A description of the proposed amount, structure, and purchaser
14 of the equity investment or long-term debt security;

15 (e) Identifying information for any taxpayer eligible to utilize tax
16 credits earned as a result of the issuance of the qualified equity
17 investment;

18 (f) Information regarding the proposed use of proceeds from the
19 issuance of the qualified equity investment; and

20 (g) A nonrefundable application fee of five thousand dollars.

21 (3) Within thirty days after receipt of a completed application
22 containing the information necessary for the Tax Commissioner to certify
23 a potential qualified equity investment, including the payment of the
24 application fee, the Tax Commissioner shall grant or deny the application
25 in full or in part. If the Tax Commissioner denies any part of the
26 application, the Tax Commissioner shall inform the qualified community
27 development entity of the grounds for the denial. If the qualified
28 community development entity provides any additional information required
29 by the Tax Commissioner or otherwise completes its application within
30 fifteen days after the notice of denial, the application shall be
31 considered completed as of the original date of submission. If the

1 qualified community development entity fails to provide the information
2 or complete its application within the fifteen-day period, the
3 application remains denied and must be resubmitted in full with a new
4 submission date.

5 (4) If the application is deemed complete, the Tax Commissioner
6 shall certify the proposed equity investment or long-term debt security
7 as a qualified equity investment that is eligible for tax credits,
8 subject to the limitations contained in section 77-1115. The Tax
9 Commissioner shall provide written notice of the certification to the
10 qualified community development entity. The notice shall include the
11 names of those taxpayers who are eligible to utilize the credits and
12 their respective credit amounts. If the names of the taxpayers who are
13 eligible to utilize the credits change due to a transfer of a qualified
14 equity investment or a change in an allocation pursuant to section
15 77-1114, the qualified community development entity shall notify the Tax
16 Commissioner of such change.

17 (5) The Tax Commissioner shall certify qualified equity investments
18 in the order applications are received. Applications received on the same
19 day shall be deemed to have been received simultaneously. For
20 applications received on the same day and deemed complete, the Tax
21 Commissioner shall certify, consistent with remaining tax credit
22 capacity, qualified equity investments in proportionate percentages based
23 upon the ratio of the amount of qualified equity investment requested in
24 an application to the total amount of qualified equity investments
25 requested in all applications received on the same day.

26 (6) Once the Tax Commissioner has certified qualified equity
27 investments that, on a cumulative basis, are eligible for the maximum
28 limitation contained in section 77-1115, the Tax Commissioner may not
29 certify any more qualified equity investments for that fiscal year. If a
30 pending request cannot be fully certified, the Tax Commissioner shall
31 certify the portion that may be certified unless the qualified community

1 development entity elects to withdraw its request rather than receive
2 partial credit.

3 (7) Within thirty days after receiving notice of certification, the
4 qualified community development entity shall issue the qualified equity
5 investment and receive cash in the amount of the certified amount. The
6 qualified community development entity shall provide the Tax Commissioner
7 with evidence of the receipt of the cash investment within ten business
8 days after receipt. If the qualified community development entity does
9 not receive the cash investment and issue the qualified equity investment
10 within thirty days after receipt of the certification notice, the
11 certification shall lapse and the entity may not issue the qualified
12 equity investment without reapplying to the Tax Commissioner for
13 certification. A certification that lapses reverts back to the Tax
14 Commissioner and may be reissued only in accordance with the application
15 process outlined in this section.

16 Sec. 24. Section 77-1238, Revised Statutes Cumulative Supplement,
17 2016, is amended to read:

18 77-1238 (1) For tax years prior to tax year 2019, every ~~Every~~ person
19 who is required to list his or her taxable tangible personal property as
20 defined in section 77-105, as required under section 77-1229, shall
21 receive an exemption from taxation for the first ten thousand dollars of
22 valuation of his or her tangible personal property in each tax district
23 as defined in section 77-127 in which a personal property return is
24 required to be filed. Failure to report tangible personal property on the
25 personal property return required by section 77-1229 shall result in a
26 forfeiture of the exemption for any tangible personal property not timely
27 reported for that year.

28 (2) For tax years prior to tax year 2019, the ~~The~~ Property Tax
29 Administrator shall reduce the value of the tangible personal property
30 owned by each railroad, car line company, public service entity, and air
31 carrier by a compensating exemption factor to reflect the exemption

1 allowed in subsection (1) of this section for all other personal property
2 taxpayers. The compensating exemption factor is calculated by multiplying
3 the value of the tangible personal property of the railroad, car line
4 company, public service entity, or air carrier by a fraction, the
5 numerator of which is the total amount of locally assessed tangible
6 personal property that is actually subjected to property tax after the
7 exemption allowed in subsection (1) of this section, and the denominator
8 of which is the net book value of locally assessed tangible personal
9 property prior to the exemptions allowed in subsection (1) of this
10 section.

11 Sec. 25. Section 77-1248, Revised Statutes Cumulative Supplement,
12 2016, is amended to read:

13 77-1248 (1) The Property Tax Administrator shall ascertain from the
14 reports made and from any other information obtained by him or her the
15 taxable value of the flight equipment of air carriers and the proportion
16 allocated to this state for the purposes of taxation as provided in
17 section 77-1245.

18 (2)(a) In determining the taxable value of the flight equipment of
19 air carriers pursuant to subsection (1) of this section, the Property Tax
20 Administrator shall determine the following ratios:

21 (i) The ratio of the taxable value of all commercial and industrial
22 depreciable tangible personal property in the state actually subjected to
23 property tax to the market value of all commercial and industrial
24 depreciable tangible personal property in the state; and

25 (ii) The ratio of the taxable value of flight equipment of air
26 carriers to the market value of flight equipment of air carriers.

27 (b) If the ratio of the taxable value of flight equipment of air
28 carriers exceeds the ratio of the taxable value of commercial and
29 industrial depreciable tangible personal property by more than five
30 percent, the Property Tax Administrator may adjust the value of such
31 flight equipment of air carriers to the percentage of the taxable

1 commercial and industrial depreciable tangible personal property pursuant
2 to federal law applicable to air carrier transportation property or
3 Nebraska federal court decisions applicable thereto.

4 (c) For purposes of this subsection, commercial and industrial
5 depreciable tangible personal property means all personal property which
6 is devoted to commercial or industrial use other than flight equipment of
7 air carriers.

8 (3) The Property Tax Administrator shall, for tax years prior to tax
9 year 2019, multiply the valuation of each air carrier by the compensating
10 exemption factor calculated in section 77-1238.

11 Sec. 26. Section 77-1327, Revised Statutes Cumulative Supplement,
12 2016, is amended to read:

13 77-1327 (1) It is the intent of the Legislature that accurate and
14 comprehensive information be developed by the Property Tax Administrator
15 and made accessible to the taxing officials and property owners in order
16 to ensure the uniformity and proportionality of the assessments of real
17 property valuations in the state in accordance with law and to provide
18 the statistical and narrative reports pursuant to section 77-5027.

19 (2) All transactions of real property for which the statement
20 required in section 76-214 is filed shall be available for development of
21 a sales file by the Property Tax Administrator. All transactions with
22 stated consideration of more than one hundred dollars or upon which more
23 than three ~~two~~ dollars and fifty ~~twenty-five~~ cents in documentary stamp
24 taxes are paid shall be considered sales. All sales shall be deemed to be
25 arm's length transactions unless determined to be otherwise under
26 professionally accepted mass appraisal techniques. The Department of
27 Revenue shall not overturn a determination made by a county assessor
28 regarding the qualification of a sale unless the department reviews the
29 sale and determines through the review that the determination made by the
30 county assessor is incorrect.

31 (3) The Property Tax Administrator annually shall make and issue

1 comprehensive assessment ratio studies of the average level of
2 assessment, the degree of assessment uniformity, and the overall
3 compliance with assessment requirements for each major class of real
4 property subject to the property tax in each county. The comprehensive
5 assessment ratio studies shall be developed in compliance with
6 professionally accepted mass appraisal techniques and shall employ such
7 statistical analysis as deemed appropriate by the Property Tax
8 Administrator, including measures of central tendency and dispersion. The
9 comprehensive assessment ratio studies shall be based upon the sales file
10 as developed in subsection (2) of this section and shall be used by the
11 Property Tax Administrator for the analysis of the level of value and
12 quality of assessment for purposes of section 77-5027 and by the Property
13 Tax Administrator in establishing the adjusted valuations required by
14 section 79-1016. Such studies may also be used by assessing officials in
15 establishing assessed valuations.

16 (4) For purposes of determining the level of value of agricultural
17 and horticultural land subject to special valuation under sections
18 77-1343 to 77-1347.01, the Property Tax Administrator shall annually make
19 and issue a comprehensive study developed in compliance with
20 professionally accepted mass appraisal techniques to establish the level
21 of value if in his or her opinion the level of value cannot be developed
22 through the use of the comprehensive assessment ratio studies developed
23 in subsection (3) of this section.

24 (5) County assessors and other taxing officials shall electronically
25 report data on the assessed valuation and other features of the property
26 assessment process for such periods and in such form and content as the
27 Property Tax Administrator shall deem appropriate. The Property Tax
28 Administrator shall so construct and maintain the system used to collect
29 and analyze the data to enable him or her to make intracounty comparisons
30 of assessed valuation, including school districts and other political
31 subdivisions, as well as intercounty comparisons of assessed valuation,

1 including school districts and other political subdivisions. The Property
2 Tax Administrator shall include analysis of real property sales pursuant
3 to land contracts and similar transfers at the time of execution of the
4 contract or similar transfer.

5 Sec. 27. Section 77-2602, Revised Statutes Cumulative Supplement,
6 2016, is amended to read:

7 77-2602 (1) Every stamping agent engaged in distributing or selling
8 cigarettes at wholesale in this state shall pay to the Tax Commissioner
9 of this state a special privilege tax. This shall be in addition to all
10 other taxes. It shall be paid prior to or at the time of the sale, gift,
11 or delivery to the retail dealer in the several amounts as follows: On
12 each package of cigarettes containing not more than twenty cigarettes,
13 two dollars and fourteen ~~sixty-four~~ cents per package; and on packages
14 containing more than twenty cigarettes, the same tax as provided on
15 packages containing not more than twenty cigarettes for the first twenty
16 cigarettes in each package and a tax of one-twentieth of the tax on the
17 first twenty cigarettes on each cigarette in excess of twenty cigarettes
18 in each package.

19 (2) Beginning October 1, 2004, the State Treasurer shall place the
20 equivalent of forty-nine cents of such tax in the General Fund. The State
21 Treasurer shall reduce the amount placed in the General Fund under this
22 subsection by the amount prescribed in subdivision (3)(d) of this
23 section. For purposes of this section, the equivalent of a specified
24 amount ~~number of cents~~ of the tax shall mean that portion of the proceeds
25 of the tax equal to the specified amount ~~number~~ divided by the tax rate
26 per package of cigarettes containing not more than twenty cigarettes.

27 (3) The State Treasurer shall distribute the remaining proceeds of
28 such tax in the following order:

29 (a) First, beginning July 1, 1980, the State Treasurer shall place
30 the equivalent of one cent of such tax in the Nebraska Outdoor Recreation
31 Development Cash Fund. For fiscal year distributions occurring after

1 FY1998-99, the distribution under this subdivision shall not be less than
2 the amount distributed under this subdivision for FY1997-98. Any money
3 needed to increase the amount distributed under this subdivision to the
4 FY1997-98 amount shall reduce the distribution to the General Fund;

5 (b) Second, beginning July 1, 1993, the State Treasurer shall place
6 the equivalent of three cents of such tax in the Health and Human
7 Services Cash Fund to carry out sections 81-637 to 81-640. For fiscal
8 year distributions occurring after FY1998-99, the distribution under this
9 subdivision shall not be less than the amount distributed under this
10 subdivision for FY1997-98. Any money needed to increase the amount
11 distributed under this subdivision to the FY1997-98 amount shall reduce
12 the distribution to the General Fund;

13 (c) Third, beginning October 1, 2002, and continuing until all the
14 purposes of the Deferred Building Renewal Act have been fulfilled, the
15 State Treasurer shall place the equivalent of seven cents of such tax in
16 the Building Renewal Allocation Fund. The distribution under this
17 subdivision shall not be less than the amount distributed under this
18 subdivision for FY1997-98. Any money needed to increase the amount
19 distributed under this subdivision to the FY1997-98 amount shall reduce
20 the distribution to the General Fund;

21 (d) Fourth, until July 1, 2009, the State Treasurer shall place in
22 the Municipal Infrastructure Redevelopment Fund the sum of five hundred
23 twenty thousand dollars each fiscal year to carry out the Municipal
24 Infrastructure Redevelopment Fund Act. The Legislature shall appropriate
25 the sum of five hundred twenty thousand dollars each year for fiscal year
26 2003-04 through fiscal year 2008-09;

27 (e) Fifth, beginning July 1, 2001, and continuing until June 30,
28 2008, the State Treasurer shall place the equivalent of two cents of such
29 tax in the Information Technology Infrastructure Fund. The distribution
30 under this subdivision shall not be less than two million fifty thousand
31 dollars. Any money needed to increase the amount distributed under this

1 subdivision to two million fifty thousand dollars shall reduce the
2 distribution to the General Fund;

3 (f) Sixth, beginning July 1, 2001, and continuing until June 30,
4 2016, the State Treasurer shall place one million dollars each fiscal
5 year in the City of the Primary Class Development Fund. If necessary, the
6 State Treasurer shall reduce the distribution of tax proceeds to the
7 General Fund pursuant to subsection (2) of this section by such amount
8 required to fulfill the one million dollars to be distributed pursuant to
9 this subdivision;

10 (g) Seventh, beginning July 1, 2001, and continuing until June 30,
11 2016, the State Treasurer shall place one million five hundred thousand
12 dollars each fiscal year in the City of the Metropolitan Class
13 Development Fund. If necessary, the State Treasurer shall reduce the
14 distribution of tax proceeds to the General Fund pursuant to subsection
15 (2) of this section by such amount required to fulfill the one million
16 five hundred thousand dollars to be distributed pursuant to this
17 subdivision;

18 (h) Eighth, beginning July 1, 2008, and continuing until June 30,
19 2009, the State Treasurer shall place the equivalent of two million fifty
20 thousand dollars of such tax in the Nebraska Public Safety Communication
21 System Cash Fund. Beginning July 1, 2009, and continuing until June 30,
22 2016, the State Treasurer shall place the equivalent of two million five
23 hundred seventy thousand dollars of such tax in the Nebraska Public
24 Safety Communication System Cash Fund. Beginning July 1, 2016, and every
25 fiscal year thereafter, the State Treasurer shall place the equivalent of
26 three million eight hundred twenty thousand dollars of such tax in the
27 Nebraska Public Safety Communication System Cash Fund. If necessary, the
28 State Treasurer shall reduce the distribution of tax proceeds to the
29 General Fund pursuant to subsection (2) of this section by such amount
30 required to fulfill the distribution pursuant to this subdivision;~~and~~

31 (i) Ninth, beginning July 1, 2016, and every fiscal year thereafter,

1 the State Treasurer shall place the equivalent of one million two hundred
2 fifty thousand dollars of such tax in the Nebraska Health Care Cash Fund.
3 If necessary, the State Treasurer shall reduce the distribution of tax
4 proceeds to the General Fund pursuant to subsection (2) of this section
5 by such amount required to fulfill the distribution pursuant to this
6 subdivision; -

7 (j) Tenth, beginning July 1, 2019, and every fiscal year thereafter,
8 the State Treasurer shall place the equivalent of one dollar and forty-
9 eight cents of such tax in the Property Tax Credit Cash Fund. If
10 necessary, the State Treasurer shall reduce the distribution of tax
11 proceeds to the General Fund pursuant to subsection (2) of this section
12 by the amount required to fulfill the distribution pursuant to this
13 subdivision; and

14 (k) Eleventh, beginning July 1, 2019, and every fiscal year
15 thereafter, the State Treasurer shall place the equivalent of two cents
16 of such tax in the Brain Injury Cash Fund. If necessary, the State
17 Treasurer shall reduce the distribution of tax proceeds to the General
18 Fund pursuant to subsection (2) of this section by the amount required to
19 fulfill the distribution pursuant to this subdivision.

20 (4) If, after distributing the proceeds of such tax pursuant to
21 subsections (2) and (3) of this section, any proceeds of such tax remain,
22 the State Treasurer shall place such remainder in the Nebraska Capital
23 Construction Fund.

24 (5) The Legislature hereby finds and determines that the projects
25 funded from the Municipal Infrastructure Redevelopment Fund and the
26 Building Renewal Allocation Fund are of critical importance to the State
27 of Nebraska. It is the intent of the Legislature that the allocations and
28 appropriations made by the Legislature to such funds or, in the case of
29 allocations for the Municipal Infrastructure Redevelopment Fund, to the
30 particular municipality's account not be reduced until all contracts and
31 securities relating to the construction and financing of the projects or

1 portions of the projects funded from such funds or accounts of such funds
2 are completed or paid or, in the case of the Municipal Infrastructure
3 Redevelopment Fund, the earlier of such date or July 1, 2009, and that
4 until such time any reductions in the cigarette tax rate made by the
5 Legislature shall be simultaneously accompanied by equivalent reductions
6 in the amount dedicated to the General Fund from cigarette tax revenue.
7 Any provision made by the Legislature for distribution of the proceeds of
8 the cigarette tax for projects or programs other than those to (a) the
9 General Fund, (b) the Nebraska Outdoor Recreation Development Cash Fund,
10 (c) the Health and Human Services Cash Fund, (d) the Municipal
11 Infrastructure Redevelopment Fund, (e) the Building Renewal Allocation
12 Fund, (f) the Information Technology Infrastructure Fund, (g) the City of
13 the Primary Class Development Fund, (h) the City of the Metropolitan
14 Class Development Fund, (i) the Nebraska Public Safety Communication
15 System Cash Fund, ~~and~~ (j) the Nebraska Health Care Cash Fund, (k) the
16 Property Tax Credit Cash Fund, and (l) the Brain Injury Cash Fund shall
17 not be made a higher priority than or an equal priority to any of the
18 programs or projects specified in subdivisions (a) through (l) ~~(j)~~ of
19 this subsection.

20 Sec. 28. Section 77-2701, Revised Statutes Supplement, 2017, is
21 amended to read:

22 77-2701 Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235,
23 77-27,236, and 77-27,238 and section 29 of this act shall be known and
24 may be cited as the Nebraska Revenue Act of 1967.

25 Sec. 29. (1) For taxable years beginning or deemed to begin on or
26 after January 1, 2019, under the Internal Revenue Code of 1986, as
27 amended, there is hereby imposed a surtax upon any individual who:

28 (a) Is subject to state income taxes under the Nebraska Revenue Act
29 of 1967; and

30 (b) Has federal adjusted gross income for the taxable year of five
31 hundred thousand dollars or more.

1 (2) The surtax shall be in addition to any other taxes owed under
2 the Nebraska Revenue Act of 1967 and shall be equal to the individual's
3 state income tax liability multiplied by a rate of:

4 (a) Two and one-half percent if the individual's federal adjusted
5 gross income is at least five hundred thousand dollars but less than one
6 million dollars; or

7 (b) Five percent if the individual's federal adjusted gross income
8 is at least one million dollars.

9 (3) The surtax shall be collected when the individual files his or
10 her individual income tax return. The Tax Commissioner shall adjust the
11 income tax forms to include the calculation of the surtax.

12 (4) The Tax Commissioner may adopt and promulgate rules and
13 regulations to carry out this section.

14 Sec. 30. Section 77-2701.02, Reissue Revised Statutes of Nebraska,
15 is amended to read:

16 77-2701.02 Pursuant to section 77-2715.01:

17 (1) Until July 1, 1998, the rate of the sales tax levied pursuant to
18 section 77-2703 shall be five percent;

19 (2) Commencing July 1, 1998, and until July 1, 1999, the rate of the
20 sales tax levied pursuant to section 77-2703 shall be four and one-half
21 percent;

22 (3) Commencing July 1, 1999, and until the start of the first
23 calendar quarter after July 20, 2002, the rate of the sales tax levied
24 pursuant to section 77-2703 shall be five percent;~~and~~

25 (4) Commencing on the start of the first calendar quarter after July
26 20, 2002, and until October 1, 2018, the rate of the sales tax levied
27 pursuant to section 77-2703 shall be five and one-half percent; -

28 (5) Commencing October 1, 2018, and until October 1, 2019, the rate
29 of the sales tax levied pursuant to section 77-2703 shall be six percent;
30 and

31 (6) Commencing October 1, 2019, the rate of the sales tax levied

1 pursuant to section 77-2703 shall be six and one-half percent.

2 Sec. 31. Section 77-2701.16, Revised Statutes Cumulative Supplement,
3 2016, is amended to read:

4 77-2701.16 (1) Gross receipts means the total amount of the sale or
5 lease or rental price, as the case may be, of the retail sales of
6 retailers.

7 (2) Gross receipts of every person engaged as a public utility
8 specified in this subsection, as a community antenna television service
9 operator, or as a satellite service operator or any person involved in
10 connecting and installing services defined in subdivision (2)(a), (b), or
11 (d) of this section means:

12 (a)(i) In the furnishing of telephone communication service, other
13 than mobile telecommunications service as described in section
14 77-2703.04, the gross income received from furnishing ancillary services,
15 except for conference bridging services, and intrastate
16 telecommunications services, except for value-added, nonvoice data
17 service.

18 (ii) In the furnishing of mobile telecommunications service as
19 described in section 77-2703.04, the gross income received from
20 furnishing mobile telecommunications service that originates and
21 terminates in the same state to a customer with a place of primary use in
22 Nebraska;

23 (b) In the furnishing of telegraph service, the gross income
24 received from the furnishing of intrastate telegraph services;

25 (c)(i) In the furnishing of gas, sewer, water, and electricity
26 service, other than electricity service to a customer-generator as
27 defined in section 70-2002, the gross income received from the furnishing
28 of such services upon billings or statements rendered to consumers for
29 such utility services.

30 (ii) In the furnishing of electricity service to a customer-
31 generator as defined in section 70-2002, the net energy use upon billings

1 or statements rendered to customer-generators for such electricity
2 service;

3 (d) In the furnishing of community antenna television service or
4 satellite service, the gross income received from the furnishing of such
5 community antenna television service as regulated under sections 18-2201
6 to 18-2205 or 23-383 to 23-388 or satellite service; and

7 (e) The gross income received from the provision, installation,
8 construction, servicing, or removal of property used in conjunction with
9 the furnishing, installing, or connecting of any public utility services
10 specified in subdivision (2)(a) or (b) of this section or community
11 antenna television service or satellite service specified in subdivision
12 (2)(d) of this section, except when acting as a subcontractor for a
13 public utility, this subdivision does not apply to the gross income
14 received by a contractor electing to be treated as a consumer of building
15 materials under subdivision (2) or (3) of section 77-2701.10 for any such
16 services performed on the customer's side of the utility demarcation
17 point.

18 (3) Gross receipts of every person engaged in selling, leasing, or
19 otherwise providing intellectual or entertainment property means:

20 (a) In the furnishing of computer software, the gross income
21 received, including the charges for coding, punching, or otherwise
22 producing any computer software and the charges for the tapes, disks,
23 punched cards, or other properties furnished by the seller; and

24 (b) In the furnishing of videotapes, movie film, satellite
25 programming, satellite programming service, and satellite television
26 signal descrambling or decoding devices, the gross income received from
27 the license, franchise, or other method establishing the charge.

28 (4) Gross receipts for providing a service means:

29 (a) The gross income received for building cleaning and maintenance,
30 pest control, and security;

31 (b) The gross income received for motor vehicle washing, waxing,

1 towing, and painting;

2 (c) The gross income received for computer software training;

3 (d) The gross income received for installing and applying tangible
4 personal property if the sale of the property is subject to tax. If any
5 or all of the charge for installation is free to the customer and is paid
6 by a third-party service provider to the installer, any tax due on that
7 part of the activation commission, finder's fee, installation charge, or
8 similar payment made by the third-party service provider shall be paid
9 and remitted by the third-party service provider;

10 (e) The gross income received for services of recreational vehicle
11 parks;

12 (f) The gross income received for labor for repair or maintenance
13 services performed with regard to tangible personal property the sale of
14 which would be subject to sales and use taxes, excluding motor vehicles,
15 except as otherwise provided in section 77-2704.26 or 77-2704.50;

16 (g) The gross income received for animal specialty services and pet-
17 related services; ~~except (i) veterinary services, (ii) specialty services~~
18 ~~performed on livestock as defined in section 54-183, and (iii) animal~~
19 ~~grooming performed by a licensed veterinarian or a licensed veterinary~~
20 ~~technician in conjunction with medical treatment; and~~

21 (h) The gross income received for detective services; ~~-~~

22 (i) The gross income received for the cleaning of tangible personal
23 property;

24 (j) The gross income received for storage and moving services;

25 (k) The gross income received for investment advice;

26 (l) The gross income received for personal care services, including
27 hair care, massages, nail services, spa services, and tattoo services;

28 (m) The gross income received for maintenance, painting, repair, and
29 interior decoration services for single-family housing;

30 (n) The gross income received for limousine, taxi, and other
31 transportation services;

1 (o) The gross income received for the services of travel agents and
2 tour operators;

3 (p) The gross income received for lawn care, gardening, and
4 landscaping services;

5 (q) The gross income received for parking lot services;

6 (r) The gross income received for swimming pool cleaning and
7 maintenance services;

8 (s) The gross income received for dating and escort services;

9 (t) The gross income received for instruction in music, dance, golf,
10 and other recreational activities;

11 (u) The gross income received for custom meat slaughtering services;

12 (v) The gross income received for tanning services;

13 (w) The gross income received for telefloral delivery services; and

14 (x) The gross income received for the labor of a contractor for any
15 major addition, remodeling, restoration, repair, or renovation of owner-
16 occupied residential housing.

17 (5) Gross receipts includes the sale of admissions. When an
18 admission to an activity or a membership constituting an admission is
19 combined with the solicitation of a contribution, the portion or the
20 amount charged representing the fair market price of the admission shall
21 be considered a retail sale subject to the tax imposed by section
22 77-2703. The organization conducting the activity shall determine the
23 amount properly attributable to the purchase of the privilege, benefit,
24 or other consideration in advance, and such amount shall be clearly
25 indicated on any ticket, receipt, or other evidence issued in connection
26 with the payment.

27 (6) Gross receipts includes the sale of live plants incorporated
28 into real estate except when such incorporation is incidental to the
29 transfer of an improvement upon real estate or the real estate.

30 (7) Gross receipts includes the sale of any building materials
31 annexed to real estate by a person electing to be taxed as a retailer

1 pursuant to subdivision (1) of section 77-2701.10.

2 (8) Gross receipts includes the sale of and recharge of prepaid
3 calling service and prepaid wireless calling service.

4 (9) Gross receipts includes the retail sale of digital audio works,
5 digital audiovisual works, digital codes, and digital books delivered
6 electronically if the products are taxable when delivered on tangible
7 storage media. A sale includes the transfer of a permanent right of use,
8 the transfer of a right of use that terminates on some condition, and the
9 transfer of a right of use conditioned upon the receipt of continued
10 payments.

11 (10) Gross receipts does not include:

12 (a) The amount of any rebate granted by a motor vehicle or motorboat
13 manufacturer or dealer at the time of sale of the motor vehicle or
14 motorboat, which rebate functions as a discount from the sales price of
15 the motor vehicle or motorboat; or

16 (b) The price of property or services returned or rejected by
17 customers when the full sales price is refunded either in cash or credit.

18 Sec. 32. Section 77-2701.32, Reissue Revised Statutes of Nebraska,
19 is amended to read:

20 77-2701.32 (1) Retailer means any seller.

21 (2) To facilitate the proper administration of the Nebraska Revenue
22 Act of 1967, the following persons have the duties and responsibilities
23 of sellers for the purposes of sales and use taxes:

24 (a) Any person in the business of making sales subject to tax under
25 section 77-2703 at auction of property owned by the person or others;

26 (b) Any person collecting the proceeds of the auction, other than
27 the owner of the property, together with his or her principal, if any,
28 when the person collecting the proceeds of the auction is not the
29 auctioneer or an agent or employee of the auctioneer. The seller does not
30 include the auctioneer in such case;

31 (c) Every person who has elected to be considered a retailer

1 pursuant to subdivision (1) of section 77-2701.10;

2 (d) Every person operating, organizing, or promoting a flea market,
3 craft show, fair, or similar event; and

4 (e) Every person engaged in the business of providing any service
5 defined in subsection (4) of section 77-2701.16.

6 (3) For the proper administration of the Nebraska Revenue Act of
7 1967, the following persons do not have the duties and responsibilities
8 of a seller for purposes of sales and use taxes:

9 (a) Any person who leases or rents films when an admission tax is
10 charged under the Nebraska Revenue Act of 1967;

11 (b) Any person who leases or rents railroad rolling stock
12 interchanged pursuant to the provisions of the federal Interstate
13 Commerce Act;

14 (c) Any person engaged in the business of furnishing rooms in a
15 facility licensed under the Health Care Facility Licensure Act in which
16 rooms, lodgings, or accommodations are regularly furnished for a
17 consideration or a facility operated by an educational institution
18 established under Chapter 79 or Chapter 85 in which rooms are regularly
19 used to house students for a consideration for periods in excess of
20 thirty days; or

21 (d) Any person making sales at a flea market, craft show, fair, or
22 similar event when such person does not have a sales tax permit and has
23 arranged to pay sales taxes collected to the person operating,
24 organizing, or promoting such event.

25 (4)(a) This subsection becomes operative on the first day of the
26 first calendar quarter after a controlling United States Supreme Court
27 decision or federal legislation abrogates the physical presence
28 requirement of Quill Corp. v. North Dakota, 504 U.S. 298 (1992).

29 (b) A person who lacks a physical presence in this state and who
30 makes retail sales of property to purchasers in this state shall have the
31 duties and responsibilities of a seller for the purposes of sales and use

1 taxes if such person meets either of the following criteria in the
2 previous or current calendar year:

3 (i) The person made retail sales of property to purchasers in this
4 state totaling one hundred thousand dollars or more; or

5 (ii) The person made retail sales of property to purchasers in this
6 state in two hundred or more separate transactions.

7 Sec. 33. Section 77-2704.10, Revised Statutes Supplement, 2017, is
8 amended to read:

9 77-2704.10 Sales and use taxes shall not be imposed on the gross
10 receipts from the sale, lease, or rental of and the storage, use, or
11 other consumption in this state of:

12 ~~(1) Prepared food and food and food ingredients served by public or~~
13 ~~private schools, school districts, student organizations, or parent-~~
14 ~~teacher associations pursuant to an agreement with the proper school~~
15 ~~authorities, in an elementary or secondary school or at any institution~~
16 ~~of higher education, public or private, during the regular school day or~~
17 ~~at an approved function of any such school or institution. This exemption~~
18 ~~does not apply to sales by an institution of higher education at any~~
19 ~~facility or function which is open to the general public;~~

20 (1) (2) Prepared food and food and food ingredients sold by a church
21 at a function of such church;

22 (2) (3) Prepared food and food and food ingredients served to
23 patients and inmates of hospitals and other institutions licensed by the
24 state for the care of human beings;

25 ~~(4) Fees and admissions charged for political events by ballot~~
26 ~~question committees, candidate committees, independent committees, and~~
27 ~~political party committees as defined in the Nebraska Political~~
28 ~~Accountability and Disclosure Act;~~

29 (3) (5) Prepared food and food and food ingredients sold to the
30 elderly, handicapped, or recipients of Supplemental Security Income by an
31 organization that actually accepts electronic benefits transfer under

1 regulations issued by the United States Department of Agriculture
2 although it is not necessary for the purchaser to use electronic benefits
3 transfer to pay for the prepared food and food and food ingredients;

4 ~~(6) Fees and admissions charged by a public or private elementary or~~
5 ~~secondary school and fees and admissions charged by a school district,~~
6 ~~student organization, or parent-teacher association, pursuant to an~~
7 ~~agreement with the proper school authorities, in a public or private~~
8 ~~elementary or secondary school during the regular school day or at an~~
9 ~~approved function of any such school;~~

10 (4) ~~(7)~~ Fees and admissions charged for participants in any activity
11 provided by a nonprofit organization that is exempt from income tax under
12 section 501(c)(3) of the Internal Revenue Code of 1986, as amended, which
13 organization conducts statewide sport events with multiple sports for
14 both adults and youth; and

15 (5) ~~(8)~~ Fees and admissions charged for participants in any activity
16 provided by a nonprofit organization that is exempt from income tax under
17 section 501(c)(3) of the Internal Revenue Code of 1986, as amended, which
18 organization is affiliated with a national organization, primarily
19 dedicated to youth development and healthy living, and offers sports
20 instruction and sports leagues or sports events in multiple sports.

21 Sec. 34. Section 77-2704.24, Revised Statutes Cumulative Supplement,
22 2016, is amended to read:

23 77-2704.24 (1) Sales and use taxes shall not be imposed on the gross
24 receipts from the sale, lease, or rental of and the storage, use, or
25 other consumption in this state of food or food ingredients except for
26 prepared food and food sold through vending machines.

27 (2) For purposes of this section:

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

31 (b) Dietary supplement means any product, other than tobacco,

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

14 (c) Food and food ingredients means substances, whether in liquid,
15 concentrated, solid, frozen, dried, or dehydrated form, that are sold for
16 ingestion or chewing by humans and are consumed for their taste or
17 nutritional value. Food and food ingredients does not include alcoholic
18 beverages, dietary supplements, ~~or~~ tobacco, soft drinks, candy, or
19 bottled water;

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

22 (e) Prepared food means:

23 (i) Food sold with eating utensils provided by the seller, including
24 plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate
25 does not include a container or packaging used to transport the food; or

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

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

30 (B) Eggs, fish, meat, poultry, and foods containing these raw animal
31 foods requiring cooking by the consumer as recommended by the federal

1 Food and Drug Administration in chapter 3, part 401.11 of its Food Code,
2 as it existed on January 1, 2003, so as to prevent food borne illnesses;

3 (C) Food sold by a seller whose proper primary North American
4 Industry Classification System classification is manufacturing in sector
5 311, except subsector 3118, bakeries;

6 (D) Food sold in an unheated state by weight or volume as a single
7 item;

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

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

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

15 Sec. 35. Section 77-2715, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

17 77-2715 (1) A tax is hereby imposed for each taxable year on the
18 entire income of every resident individual and on the income of every
19 nonresident individual and partial-year resident individual which is
20 derived from sources within this state, except that any individual who
21 has additions to adjusted gross income pursuant to section 77-2716 of
22 less than five thousand dollars shall not have an individual income tax
23 liability after nonrefundable credits under the Nebraska Revenue Act of
24 1967 that exceeds his or her individual income tax liability before
25 credits under the Internal Revenue Code of 1986.

26 (2)(a) For taxable years beginning or deemed to begin before January
27 1, 2014, the tax for each resident individual shall be a percentage of
28 such individual's federal adjusted gross income as modified in sections
29 77-2716 and 77-2716.01, plus a percentage of the federal alternative
30 minimum tax and the federal tax on premature or lump-sum distributions
31 from qualified retirement plans. The additional taxes shall be recomputed

1 by (i) substituting Nebraska taxable income for federal taxable income,
2 (ii) calculating what the federal alternative minimum tax would be on
3 Nebraska taxable income and adjusting such calculations for any items
4 which are reflected differently in the determination of federal taxable
5 income, and (iii) applying Nebraska rates to the result. The federal
6 credit for prior year minimum tax, after the recomputations required by
7 the act, shall be allowed as a reduction in the income tax due.

8 (b) For taxable years beginning or deemed to begin on or after
9 January 1, 2014, and before January 1, 2019, the tax for each resident
10 individual shall be a percentage of such individual's federal adjusted
11 gross income as modified in sections 77-2716 and 77-2716.01, plus a
12 percentage of the federal tax on premature or lump-sum distributions from
13 qualified retirement plans. The additional taxes shall be recomputed by
14 substituting Nebraska taxable income for federal taxable income and
15 applying Nebraska rates to the result.

16 (c) For taxable years beginning or deemed to begin on or after
17 January 1, 2019, the tax for each resident individual shall be a
18 percentage of such individual's federal adjusted gross income as modified
19 in sections 77-2716 and 77-2716.01, plus a percentage of the federal
20 alternative minimum tax and the federal tax on premature or lump-sum
21 distributions from qualified retirement plans. The additional taxes shall
22 be recomputed by (i) substituting Nebraska taxable income for federal
23 taxable income, (ii) calculating what the federal alternative minimum tax
24 would be on Nebraska taxable income and adjusting such calculations for
25 any items which are reflected differently in the determination of federal
26 taxable income, and (iii) applying Nebraska rates to the result. The
27 federal credit for prior year minimum tax, after the recomputations
28 required by the act, shall be allowed as a reduction in the income tax
29 due.

30 (3) The tax for each nonresident individual and partial-year
31 resident individual shall be the portion of the tax imposed on resident

1 individuals which is attributable to the income derived from sources
2 within this state. The tax which is attributable to income derived from
3 sources within this state shall be determined by subtracting from the
4 liability to this state for a resident individual with the same total
5 income the credit for personal exemptions and multiplying the result by a
6 fraction, the numerator of which is the nonresident individual's or
7 partial-year resident individual's Nebraska adjusted gross income as
8 determined by section 77-2733 or 77-2733.01 and the denominator of which
9 is his or her total federal adjusted gross income, after first adjusting
10 each by the amounts provided in section 77-2716. If this determination
11 attributes more or less tax than is reasonably attributable to income
12 derived from sources within this state, the taxpayer may petition for or
13 the Tax Commissioner may require the employment of any other method to
14 attribute an amount of tax which is reasonable and equitable in the
15 circumstances.

16 (4) The tax for each estate and trust, other than trusts taxed as
17 corporations under the Internal Revenue Code of 1986, shall be as
18 determined under section 77-2717.

19 (5) A refund shall be allowed to the extent that the income tax paid
20 by the individual, estate, or trust for the taxable year exceeds the
21 income tax payable, except that no refund shall be made in any amount
22 less than two dollars.

23 Sec. 36. Section 77-2715.07, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 77-2715.07 (1) There shall be allowed to qualified resident
26 individuals as a nonrefundable credit against the income tax imposed by
27 the Nebraska Revenue Act of 1967:

28 (a) A credit equal to the federal credit allowed under section 22 of
29 the Internal Revenue Code; and

30 (b) A credit for taxes paid to another state as provided in section
31 77-2730.

1 (2) There shall be allowed to qualified resident individuals against
2 the income tax imposed by the Nebraska Revenue Act of 1967:

3 (a) For returns filed reporting federal adjusted gross incomes of
4 greater than twenty-nine thousand dollars, a nonrefundable credit equal
5 to twenty-five percent of the federal credit allowed under section 21 of
6 the Internal Revenue Code of 1986, as amended, except that for taxable
7 years beginning or deemed to begin on or after January 1, 2015, such
8 nonrefundable credit shall be allowed only if the individual would have
9 received the federal credit allowed under section 21 of the code after
10 adding back in any carryforward of a net operating loss that was deducted
11 pursuant to such section in determining eligibility for the federal
12 credit;

13 (b) For returns filed reporting federal adjusted gross income of
14 twenty-nine thousand dollars or less, a refundable credit equal to a
15 percentage of the federal credit allowable under section 21 of the
16 Internal Revenue Code of 1986, as amended, whether or not the federal
17 credit was limited by the federal tax liability. The percentage of the
18 federal credit shall be one hundred percent for incomes not greater than
19 twenty-two thousand dollars, and the percentage shall be reduced by ten
20 percent for each one thousand dollars, or fraction thereof, by which the
21 reported federal adjusted gross income exceeds twenty-two thousand
22 dollars, except that for taxable years beginning or deemed to begin on or
23 after January 1, 2015, such refundable credit shall be allowed only if
24 the individual would have received the federal credit allowed under
25 section 21 of the code after adding back in any carryforward of a net
26 operating loss that was deducted pursuant to such section in determining
27 eligibility for the federal credit;

28 (c) A refundable credit as provided in section 77-5209.01 for
29 individuals who qualify for an income tax credit as a qualified beginning
30 farmer or livestock producer under the Beginning Farmer Tax Credit Act
31 for all taxable years beginning or deemed to begin on or after January 1,

1 2006, under the Internal Revenue Code of 1986, as amended;

2 (d) A refundable credit for individuals who qualify for an income
3 tax credit under the Angel Investment Tax Credit Act, the Nebraska
4 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
5 and Development Act, or the Volunteer Emergency Responders Incentive Act;
6 and

7 (e)(i) ~~(e)~~ A refundable credit equal to:

8 (A) Ten ten percent of the federal credit allowed under section 32
9 of the Internal Revenue Code of 1986, as amended, for taxable years
10 beginning or deemed to begin before January 1, 2019; and

11 (B) Fifteen percent of the federal credit allowed under section 32
12 of the Internal Revenue Code of 1986, as amended, for taxable years
13 beginning or deemed to begin on or after January 1, 2019.

14 (ii) For except that for taxable years beginning or deemed to begin
15 on or after January 1, 2015, the such refundable credit provided in
16 subdivision (2)(e)(i) of this section shall be allowed only if the
17 individual would have received the federal credit allowed under section
18 32 of the code after adding back in any carryforward of a net operating
19 loss that was deducted pursuant to such section in determining
20 eligibility for the federal credit.

21 (3) There shall be allowed to all individuals as a nonrefundable
22 credit against the income tax imposed by the Nebraska Revenue Act of
23 1967:

24 (a) A credit for personal exemptions allowed under section
25 77-2716.01;

26 (b) A credit for contributions to certified community betterment
27 programs as provided in the Community Development Assistance Act. Each
28 partner, each shareholder of an electing subchapter S corporation, each
29 beneficiary of an estate or trust, or each member of a limited liability
30 company shall report his or her share of the credit in the same manner
31 and proportion as he or she reports the partnership, subchapter S

1 corporation, estate, trust, or limited liability company income;

2 (c) A credit for investment in a biodiesel facility as provided in
3 section 77-27,236;

4 (d) A credit as provided in the New Markets Job Growth Investment
5 Act;

6 (e) A credit as provided in the Nebraska Job Creation and Mainstreet
7 Revitalization Act;

8 (f) A credit to employers as provided in section 77-27,238; and

9 (g) A credit as provided in the Affordable Housing Tax Credit Act.

10 (4) There shall be allowed as a credit against the income tax
11 imposed by the Nebraska Revenue Act of 1967:

12 (a) A credit to all resident estates and trusts for taxes paid to
13 another state as provided in section 77-2730;

14 (b) A credit to all estates and trusts for contributions to
15 certified community betterment programs as provided in the Community
16 Development Assistance Act; and

17 (c) A refundable credit for individuals who qualify for an income
18 tax credit as an owner of agricultural assets under the Beginning Farmer
19 Tax Credit Act for all taxable years beginning or deemed to begin on or
20 after January 1, 2009, under the Internal Revenue Code of 1986, as
21 amended. The credit allowed for each partner, shareholder, member, or
22 beneficiary of a partnership, corporation, limited liability company, or
23 estate or trust qualifying for an income tax credit as an owner of
24 agricultural assets under the Beginning Farmer Tax Credit Act shall be
25 equal to the partner's, shareholder's, member's, or beneficiary's portion
26 of the amount of tax credit distributed pursuant to subsection (4) of
27 section 77-5211.

28 (5)(a) For all taxable years beginning on or after January 1, 2007,
29 and before January 1, 2009, under the Internal Revenue Code of 1986, as
30 amended, there shall be allowed to each partner, shareholder, member, or
31 beneficiary of a partnership, subchapter S corporation, limited liability

1 company, or estate or trust a nonrefundable credit against the income tax
2 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
3 partner's, shareholder's, member's, or beneficiary's portion of the
4 amount of franchise tax paid to the state under sections 77-3801 to
5 77-3807 by a financial institution.

6 (b) For all taxable years beginning on or after January 1, 2009,
7 under the Internal Revenue Code of 1986, as amended, there shall be
8 allowed to each partner, shareholder, member, or beneficiary of a
9 partnership, subchapter S corporation, limited liability company, or
10 estate or trust a nonrefundable credit against the income tax imposed by
11 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,
12 member's, or beneficiary's portion of the amount of franchise tax paid to
13 the state under sections 77-3801 to 77-3807 by a financial institution.

14 (c) Each partner, shareholder, member, or beneficiary shall report
15 his or her share of the credit in the same manner and proportion as he or
16 she reports the partnership, subchapter S corporation, limited liability
17 company, or estate or trust income. If any partner, shareholder, member,
18 or beneficiary cannot fully utilize the credit for that year, the credit
19 may not be carried forward or back.

20 (6) There shall be allowed to all individuals nonrefundable credits
21 against the income tax imposed by the Nebraska Revenue Act of 1967 as
22 provided in section 77-3604 and refundable credits against the income tax
23 imposed by the Nebraska Revenue Act of 1967 as provided in section
24 77-3605.

25 Sec. 37. Section 77-2717, Revised Statutes Cumulative Supplement,
26 2016, is amended to read:

27 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin
28 before January 1, 2014, the tax imposed on all resident estates and
29 trusts shall be a percentage of the federal taxable income of such
30 estates and trusts as modified in section 77-2716, plus a percentage of
31 the federal alternative minimum tax and the federal tax on premature or

1 lump-sum distributions from qualified retirement plans. The additional
2 taxes shall be recomputed by (A) substituting Nebraska taxable income for
3 federal taxable income, (B) calculating what the federal alternative
4 minimum tax would be on Nebraska taxable income and adjusting such
5 calculations for any items which are reflected differently in the
6 determination of federal taxable income, and (C) applying Nebraska rates
7 to the result. The federal credit for prior year minimum tax, after the
8 recomputations required by the Nebraska Revenue Act of 1967, and the
9 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act
10 and the Nebraska Advantage Research and Development Act shall be allowed
11 as a reduction in the income tax due. A refundable income tax credit
12 shall be allowed for all resident estates and trusts under the Angel
13 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax
14 Credit Act, and the Nebraska Advantage Research and Development Act. A
15 nonrefundable income tax credit shall be allowed for all resident estates
16 and trusts as provided in the New Markets Job Growth Investment Act.

17 (ii) For taxable years beginning or deemed to begin on or after
18 January 1, 2014, and before January 1, 2019, the tax imposed on all
19 resident estates and trusts shall be a percentage of the federal taxable
20 income of such estates and trusts as modified in section 77-2716, plus a
21 percentage of the federal tax on premature or lump-sum distributions from
22 qualified retirement plans. The additional taxes shall be recomputed by
23 substituting Nebraska taxable income for federal taxable income and
24 applying Nebraska rates to the result. The credits provided in the
25 Nebraska Advantage Microenterprise Tax Credit Act and the Nebraska
26 Advantage Research and Development Act shall be allowed as a reduction in
27 the income tax due. A refundable income tax credit shall be allowed for
28 all resident estates and trusts under the Angel Investment Tax Credit
29 Act, the Nebraska Advantage Microenterprise Tax Credit Act, and the
30 Nebraska Advantage Research and Development Act. A nonrefundable income
31 tax credit shall be allowed for all resident estates and trusts as

1 provided in the Nebraska Job Creation and Mainstreet Revitalization Act,
2 the New Markets Job Growth Investment Act, the School Readiness Tax
3 Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.

4 (iii) For taxable years beginning or deemed to begin on or after
5 January 1, 2019, the tax imposed on all resident estates and trusts shall
6 be a percentage of the federal taxable income of such estates and trusts
7 as modified in section 77-2716, plus a percentage of the federal
8 alternative minimum tax and the federal tax on premature or lump-sum
9 distributions from qualified retirement plans. The additional taxes shall
10 be recomputed by (A) substituting Nebraska taxable income for federal
11 taxable income, (B) calculating what the federal alternative minimum tax
12 would be on Nebraska taxable income and adjusting such calculations for
13 any items which are reflected differently in the determination of federal
14 taxable income, and (C) applying Nebraska rates to the result. The
15 federal credit for prior year minimum tax, after the recomputations
16 required by the Nebraska Revenue Act of 1967, shall be allowed as a
17 reduction in the income tax due. A refundable income tax credit shall be
18 allowed for all resident estates and trusts under the Angel Investment
19 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,
20 and the Nebraska Advantage Research and Development Act. A nonrefundable
21 income tax credit shall be allowed for all resident estates and trusts as
22 provided in the Nebraska Job Creation and Mainstreet Revitalization Act,
23 the New Markets Job Growth Investment Act, the School Readiness Tax
24 Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.

25 (b) The tax imposed on all nonresident estates and trusts shall be
26 the portion of the tax imposed on resident estates and trusts which is
27 attributable to the income derived from sources within this state. The
28 tax which is attributable to income derived from sources within this
29 state shall be determined by multiplying the liability to this state for
30 a resident estate or trust with the same total income by a fraction, the
31 numerator of which is the nonresident estate's or trust's Nebraska income

1 as determined by sections 77-2724 and 77-2725 and the denominator of
2 which is its total federal income after first adjusting each by the
3 amounts provided in section 77-2716. The federal credit for prior year
4 minimum tax, after the recomputations required by the Nebraska Revenue
5 Act of 1967, reduced by the percentage of the total income which is
6 attributable to income from sources outside this state, and the credits
7 provided in the Nebraska Advantage Microenterprise Tax Credit Act and the
8 Nebraska Advantage Research and Development Act shall be allowed as a
9 reduction in the income tax due. A refundable income tax credit shall be
10 allowed for all nonresident estates and trusts under the Angel Investment
11 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,
12 and the Nebraska Advantage Research and Development Act. A nonrefundable
13 income tax credit shall be allowed for all nonresident estates and trusts
14 as provided in the Nebraska Job Creation and Mainstreet Revitalization
15 Act, the New Markets Job Growth Investment Act, the School Readiness Tax
16 Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.

17 (2) In all instances wherein a fiduciary income tax return is
18 required under the provisions of the Internal Revenue Code, a Nebraska
19 fiduciary return shall be filed, except that a fiduciary return shall not
20 be required to be filed regarding a simple trust if all of the trust's
21 beneficiaries are residents of the State of Nebraska, all of the trust's
22 income is derived from sources in this state, and the trust has no
23 federal tax liability. The fiduciary shall be responsible for making the
24 return for the estate or trust for which he or she acts, whether the
25 income be taxable to the estate or trust or to the beneficiaries thereof.
26 The fiduciary shall include in the return a statement of each
27 beneficiary's distributive share of net income when such income is
28 taxable to such beneficiaries.

29 (3) The beneficiaries of such estate or trust who are residents of
30 this state shall include in their income their proportionate share of
31 such estate's or trust's federal income and shall reduce their Nebraska

1 tax liability by their proportionate share of the credits as provided in
2 the Angel Investment Tax Credit Act, the Nebraska Advantage
3 Microenterprise Tax Credit Act, the Nebraska Advantage Research and
4 Development Act, the Nebraska Job Creation and Mainstreet Revitalization
5 Act, the New Markets Job Growth Investment Act, the School Readiness Tax
6 Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.
7 There shall be allowed to a beneficiary a refundable income tax credit
8 under the Beginning Farmer Tax Credit Act for all taxable years beginning
9 or deemed to begin on or after January 1, 2001, under the Internal
10 Revenue Code of 1986, as amended.

11 (4) If any beneficiary of such estate or trust is a nonresident
12 during any part of the estate's or trust's taxable year, he or she shall
13 file a Nebraska income tax return which shall include (a) in Nebraska
14 adjusted gross income that portion of the estate's or trust's Nebraska
15 income, as determined under sections 77-2724 and 77-2725, allocable to
16 his or her interest in the estate or trust and (b) a reduction of the
17 Nebraska tax liability by his or her proportionate share of the credits
18 as provided in the Angel Investment Tax Credit Act, the Nebraska
19 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
20 and Development Act, the Nebraska Job Creation and Mainstreet
21 Revitalization Act, the New Markets Job Growth Investment Act, the School
22 Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, and
23 section 77-27,238 and shall execute and forward to the fiduciary, on or
24 before the original due date of the Nebraska fiduciary return, an
25 agreement which states that he or she will file a Nebraska income tax
26 return and pay income tax on all income derived from or connected with
27 sources in this state, and such agreement shall be attached to the
28 Nebraska fiduciary return for such taxable year.

29 (5) In the absence of the nonresident beneficiary's executed
30 agreement being attached to the Nebraska fiduciary return, the estate or
31 trust shall remit a portion of such beneficiary's income which was

1 derived from or attributable to Nebraska sources with its Nebraska return
2 for the taxable year. For taxable years beginning or deemed to begin
3 before January 1, 2013, the amount of remittance, in such instance, shall
4 be the highest individual income tax rate determined under section
5 77-2715.02 multiplied by the nonresident beneficiary's share of the
6 estate or trust income which was derived from or attributable to sources
7 within this state. For taxable years beginning or deemed to begin on or
8 after January 1, 2013, the amount of remittance, in such instance, shall
9 be the highest individual income tax rate determined under section
10 77-2715.03 multiplied by the nonresident beneficiary's share of the
11 estate or trust income which was derived from or attributable to sources
12 within this state. The amount remitted shall be allowed as a credit
13 against the Nebraska income tax liability of the beneficiary.

14 (6) The Tax Commissioner may allow a nonresident beneficiary to not
15 file a Nebraska income tax return if the nonresident beneficiary's only
16 source of Nebraska income was his or her share of the estate's or trust's
17 income which was derived from or attributable to sources within this
18 state, the nonresident did not file an agreement to file a Nebraska
19 income tax return, and the estate or trust has remitted the amount
20 required by subsection (5) of this section on behalf of such nonresident
21 beneficiary. The amount remitted shall be retained in satisfaction of the
22 Nebraska income tax liability of the nonresident beneficiary.

23 (7) For purposes of this section, unless the context otherwise
24 requires, simple trust shall mean any trust instrument which (a) requires
25 that all income shall be distributed currently to the beneficiaries, (b)
26 does not allow amounts to be paid, permanently set aside, or used in the
27 tax year for charitable purposes, and (c) does not distribute amounts
28 allocated in the corpus of the trust. Any trust which does not qualify as
29 a simple trust shall be deemed a complex trust.

30 (8) For purposes of this section, any beneficiary of an estate or
31 trust that is a grantor trust of a nonresident shall be disregarded and

1 this section shall apply as though the nonresident grantor was the
2 beneficiary.

3 Sec. 38. Section 77-27,132, Revised Statutes Supplement, 2017, is
4 amended to read:

5 77-27,132 (1) There is hereby created a fund to be designated the
6 Revenue Distribution Fund which shall be set apart and maintained by the
7 Tax Commissioner. Revenue not required to be credited to the General Fund
8 or any other specified fund may be credited to the Revenue Distribution
9 Fund. Credits and refunds of such revenue shall be paid from the Revenue
10 Distribution Fund. The balance of the amount credited, after credits and
11 refunds, shall be allocated as provided by the statutes creating such
12 revenue.

13 (2) The Tax Commissioner shall pay to a depository bank designated
14 by the State Treasurer all amounts collected under the Nebraska Revenue
15 Act of 1967. The Tax Commissioner shall present to the State Treasurer
16 bank receipts showing amounts so deposited in the bank, and of the
17 amounts so deposited the State Treasurer shall:

18 (a) For transactions occurring on or after October 1, 2014, and
19 before October 1, 2022, credit to the Game and Parks Commission Capital
20 Maintenance Fund all of the proceeds of the sales and use taxes imposed
21 pursuant to section 77-2703 on the sale or lease of motorboats as defined
22 in section 37-1204, personal watercraft as defined in section 37-1204.01,
23 all-terrain vehicles as defined in section 60-103, and utility-type
24 vehicles as defined in section 60-135.01;

25 (b) Credit to the Highway Trust Fund all of the proceeds of the
26 sales and use taxes derived from the sale or lease for periods of more
27 than thirty-one days of motor vehicles, trailers, and semitrailers,
28 except that:

29 (i) For transactions occurring on or after October 1, 2018, and
30 before October 1, 2019, the proceeds equal to any sales tax rate provided
31 for in section 77-2701.02 that is in excess of five and one-half percent

1 derived from the sale or lease for periods of more than thirty-one days
2 of motor vehicles, trailers, and semitrailers shall be credited to the
3 Highway Allocation Fund; and

4 (ii) For transactions occurring on or after October 1, 2019, the
5 proceeds equal to any sales tax rate provided for in section 77-2701.02
6 that is in excess of six percent derived from the sale or lease for
7 periods of more than thirty-one days of motor vehicles, trailers, and
8 semitrailers shall be credited to the Highway Allocation Fund;

9 (c) For transactions occurring on or after July 1, 2013, and before
10 July 1, 2033, of the proceeds of the sales and use taxes derived from
11 transactions other than those listed in subdivisions (2)(a) and (b) of
12 this section from a sales tax rate of one-quarter of one percent, credit
13 monthly eighty-five percent to the State Highway Capital Improvement Fund
14 and fifteen percent to the Highway Allocation Fund; ~~and~~

15 (d) Of the proceeds of the sales and use taxes derived from
16 transactions other than those listed in subdivisions (2)(a) and (b) of
17 this section, credit to the Property Tax Credit Cash Fund the amount
18 certified under section 77-27,237, if any such certification is made;
19 and -

20 (e) Credit to the Property Tax Credit Cash Fund an amount equal to
21 the net increase in state sales and use tax revenue and state income tax
22 revenue received as a result of the changes made by this legislative
23 bill, minus the increase in funds paid to school districts pursuant to
24 the Tax Equity and Educational Opportunities Support Act as a result of
25 the changes made by this legislative bill, minus fifteen million dollars
26 to account for the tax credits authorized in the Occupational Learning
27 Opportunities Act, and minus two hundred thousand dollars to account for
28 the money spent on the education study required in section 49 of this
29 act. The amount to be credited under this subdivision shall be determined
30 annually by the Tax Commissioner. The reduction for the education study
31 shall occur only for the first time that funds are credited under this

1 subdivision.

2 The balance of all amounts collected under the Nebraska Revenue Act
3 of 1967 shall be credited to the General Fund.

4 Sec. 39. Section 77-3446, Revised Statutes Supplement, 2017, is
5 amended to read:

6 77-3446 Base limitation means the budget limitation rate applicable
7 to school districts and the limitation on growth of restricted funds
8 applicable to other political subdivisions prior to any increases in the
9 rate as a result of special actions taken by a supermajority of any
10 governing board or of any exception allowed by law. The base limitation
11 is two and one-half percent until adjusted, except that the base
12 limitation for school districts for school fiscal year ~~years~~ 2017-18 and
13 ~~2018-19~~ is one and one-half percent. The base limitation may be adjusted
14 annually by the Legislature to reflect changes in the prices of services
15 and products used by school districts and political subdivisions.

16 Sec. 40. Section 79-1005.01, Revised Statutes Cumulative Supplement,
17 2016, is amended to read:

18 79-1005.01 (1) Not later than November 15 of each year, the Tax
19 Commissioner shall certify to the department for the preceding tax year
20 the income tax liability of resident individuals for each local system.

21 (2) For school fiscal years prior to 2017-18, one hundred two
22 million two hundred eighty-nine thousand eight hundred seventeen dollars
23 which is equal to the amount appropriated to the School District Income
24 Tax Fund for distribution in school fiscal year 1992-93 shall be
25 disbursed as option payments as determined under section 79-1009 and as
26 allocated income tax funds as determined in this section and sections
27 79-1008.01, 79-1015.01, 79-1017.01, and 79-1018.01, except as provided in
28 section 79-1008.02 for school fiscal years prior to school fiscal year
29 2017-18. For school fiscal years prior to school fiscal year 2017-18,
30 funds not distributed as allocated income tax funds due to minimum levy
31 adjustments shall not increase the amount available to local systems for

1 distribution as allocated income tax funds.

2 (3) Using the data certified by the Tax Commissioner pursuant to
3 subsection (1) of this section, the department shall calculate the
4 allocation percentage and each local system's allocated income tax funds.
5 The allocation percentage shall be the amount stated in subsection (2) of
6 this section minus the total amount paid for option students pursuant to
7 section 79-1009, with the difference divided by the aggregate statewide
8 income tax liability of all resident individuals certified pursuant to
9 subsection (1) of this section. Each local system's allocated income tax
10 funds shall be calculated by multiplying the allocation percentage times
11 the local system's income tax liability certified pursuant to subsection
12 (1) of this section.

13 (4) For school fiscal years ~~year~~ 2017-18 and 2018-19 ~~each school~~
14 ~~fiscal year thereafter~~, each local system's allocated income tax funds
15 shall be calculated by multiplying the local system's income tax
16 liability certified pursuant to subsection (1) of this section by two and
17 twenty-three hundredths percent.

18 (5) For school fiscal year 2019-20 and each school fiscal year
19 thereafter, each local system's allocated income tax funds shall be
20 calculated by multiplying the local system's income tax liability
21 certified pursuant to subsection (1) of this section by twenty percent.

22 Sec. 41. Section 79-1009, Revised Statutes Supplement, 2017, is
23 amended to read:

24 79-1009 (1)(a) A district shall receive net option funding if (i)
25 option students as defined in section 79-233 were actually enrolled in
26 the school year immediately preceding the school year in which the aid is
27 to be paid, (ii) option students as defined in such section will be
28 enrolled in the school year in which the aid is to be paid as converted
29 contract option students, or (iii) for the calculation of aid for school
30 fiscal year 2017-18 for school districts that are members of a learning
31 community, open enrollment students were actually enrolled for school

1 year 2016-17 pursuant to section 79-2110.

2 (b) The determination of the net number of option students shall be
3 based on (i) the number of students enrolled in the district as option
4 students and the number of students residing in the district but enrolled
5 in another district as option students as of the day of the fall
6 membership count pursuant to section 79-528, for the school fiscal year
7 immediately preceding the school fiscal year in which aid is to be paid,
8 (ii) the number of option students that will be enrolled in the district
9 or enrolled in another district as converted contract option students for
10 the fiscal year in which the aid is to be paid, and (iii) for the
11 calculation of aid for school fiscal year 2017-18 for school districts
12 that are members of a learning community, the number of students enrolled
13 in the district as open enrollment students and the number of students
14 residing in the district but enrolled in another district as open
15 enrollment students as of the day of the fall membership count pursuant
16 to section 79-528 for school fiscal year 2016-17.

17 (c) Except as otherwise provided in this subsection, net number of
18 option students means the difference of the number of option students
19 enrolled in the district minus the number of students residing in the
20 district but enrolled in another district as option students. For
21 purposes of the calculation of aid for school fiscal year 2017-18 for
22 school districts that are members of a learning community, net number of
23 option students means the difference of the number of students residing
24 in another school district who are option students or open enrollment
25 students enrolled in the district minus the number of students residing
26 in the district but enrolled in another district as option students or
27 open enrollment students.

28 (2)(a) For all school fiscal years except school fiscal year years
29 2017-18 ~~and 2018-19~~, net option funding shall be the product of the net
30 number of option students multiplied by the statewide average basic
31 funding per formula student.

1 (b) For school fiscal year ~~years~~ 2017-18 ~~and 2018-19~~, net option
2 funding shall be the product of the net number of option students
3 multiplied by ninety-five and five-tenths percent of the statewide
4 average basic funding per formula student.

5 (3) A district's net option funding shall be zero if the calculation
6 produces a negative result.

7 Payments made under this section for school fiscal years prior to
8 school fiscal year 2017-18 shall be made from the funds to be disbursed
9 under section 79-1005.01.

10 Such payments shall go directly to the option school district but
11 shall count as a formula resource for the local system.

12 Sec. 42. Section 79-1015.01, Revised Statutes Supplement, 2017, is
13 amended to read:

14 79-1015.01 (1) Local system formula resources shall include local
15 effort rate yield which shall be computed as prescribed in this section.

16 (2) For each school fiscal year except school fiscal year ~~years~~
17 ~~2017-18 and 2018-19~~: (a) For state aid certified pursuant to section
18 79-1022, the local effort rate shall be the maximum levy, for the school
19 fiscal year for which aid is being certified, authorized pursuant to
20 subdivision (2)(a) of section 77-3442 less five cents; (b) for the final
21 calculation of state aid pursuant to section 79-1065, the local effort
22 rate shall be the rate which, when multiplied by the total adjusted
23 valuation of all taxable property in local systems receiving equalization
24 aid pursuant to the Tax Equity and Educational Opportunities Support Act,
25 will produce the amount needed to support the total formula need of such
26 local systems when added to state aid appropriated by the Legislature and
27 other actual receipts of local systems described in section 79-1018.01;
28 and (c) the local effort rate yield for such school fiscal years shall be
29 determined by multiplying each local system's total adjusted valuation by
30 the local effort rate.

31 (3) For school fiscal year ~~years~~ 2017-18 ~~and 2018-19~~: (a) For state

1 aid certified pursuant to section 79-1022, the local effort rate shall be
2 the maximum levy, for the school fiscal year for which aid is being
3 certified, authorized pursuant to subdivision (2)(a) of section 77-3442
4 less two and ninety-seven hundredths cents; (b) for the final calculation
5 of state aid pursuant to section 79-1065, the local effort rate shall be
6 the rate which, when multiplied by the total adjusted valuation of all
7 taxable property in local systems receiving equalization aid pursuant to
8 the Tax Equity and Educational Opportunities Support Act, will produce
9 the amount needed to support the total formula need of such local systems
10 when added to state aid appropriated by the Legislature and other actual
11 receipts of local systems described in section 79-1018.01; and (c) the
12 local effort rate yield for such school fiscal years shall be determined
13 by multiplying each local system's total adjusted valuation by the local
14 effort rate.

15 Sec. 43. Section 79-1022, Revised Statutes Supplement, 2017, is
16 amended to read:

17 79-1022 (1) On or before May 1, 2018 ~~June 1, 2017~~, and on or before
18 March 1 of each year thereafter, for each ensuing fiscal year, the
19 department shall determine the amounts to be distributed to each local
20 system and each district for the ensuing school fiscal year pursuant to
21 the Tax Equity and Educational Opportunities Support Act and shall
22 certify the amounts to the Director of Administrative Services, the
23 Auditor of Public Accounts, each learning community for school fiscal
24 years prior to school fiscal year 2017-18, and each district. Except as
25 otherwise provided in this section, the amount to be distributed to each
26 district from the amount certified for a local system shall be
27 proportional based on the formula students attributed to each district in
28 the local system. For school fiscal years prior to school fiscal year
29 2017-18, the amount to be distributed to each district that is a member
30 of a learning community from the amount certified for the local system
31 shall be proportional based on the formula needs calculated for each

1 district in the local system. On or before May 1, 2018 ~~June 1, 2017~~, and
2 on or before March 1 of each year thereafter, for each ensuing fiscal
3 year, the department shall report the necessary funding level for the
4 ensuing school fiscal year to the Governor, the Appropriations Committee
5 of the Legislature, and the Education Committee of the Legislature. The
6 report submitted to the committees of the Legislature shall be submitted
7 electronically. Except as otherwise provided in this subsection,
8 certified state aid amounts, including adjustments pursuant to section
9 79-1065.02, shall be shown as budgeted non-property-tax receipts and
10 deducted prior to calculating the property tax request in the district's
11 general fund budget statement as provided to the Auditor of Public
12 Accounts pursuant to section 79-1024.

13 (2) Except as provided in this subsection, subsection (8) of section
14 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts
15 certified pursuant to subsection (1) of this section shall be distributed
16 in ten as nearly as possible equal payments on the last business day of
17 each month beginning in September of each ensuing school fiscal year and
18 ending in June of the following year, except that when a school district
19 is to receive a monthly payment of less than one thousand dollars, such
20 payment shall be one lump-sum payment on the last business day of
21 December during the ensuing school fiscal year.

22 Sec. 44. Section 79-1022.02, Revised Statutes Supplement, 2017, is
23 amended to read:

24 79-1022.02 Notwithstanding any other provision of law, any
25 certification of state aid pursuant to section 79-1022, certification of
26 budget authority pursuant to section 79-1023, and certification of
27 applicable allowable reserve percentages pursuant to section 79-1027
28 completed prior to the operative date of this section ~~February 16, 2017~~,
29 for school fiscal year 2018-19 ~~2017-18~~ is null and void.

30 Sec. 45. Section 79-1023, Revised Statutes Supplement, 2017, is
31 amended to read:

1 79-1023 (1) On or before May 1, 2018 ~~June 1, 2017~~, and on or before
2 March 1 of each year thereafter, the department shall determine and
3 certify to each school district budget authority for the general fund
4 budget of expenditures for the ensuing school fiscal year. On or before
5 May 1, 2018, the department shall redetermine and recertify to each
6 school district budget authority for the general fund budget of
7 expenditures for the 2017-18 school fiscal year.

8 (2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and
9 81-829.51, each school district shall have budget authority for the
10 general fund budget of expenditures equal to the greater of (a) the
11 general fund budget of expenditures for the immediately preceding school
12 fiscal year minus exclusions pursuant to subsection (1) of section
13 79-1028.01 for such school fiscal year with the difference increased by
14 the basic allowable growth rate for the school fiscal year for which
15 budget authority is being calculated, (b) the general fund budget of
16 expenditures for the immediately preceding school fiscal year minus
17 exclusions pursuant to subsection (1) of section 79-1028.01 for such
18 school fiscal year with the difference increased by an amount equal to
19 any student growth adjustment calculated for the school fiscal year for
20 which budget authority is being calculated, or (c) one hundred ten
21 percent of formula need for the school fiscal year for which budget
22 authority is being calculated minus the special education budget of
23 expenditures as filed on the school district budget statement on or
24 before September 20 for the immediately preceding school fiscal year,
25 which special education budget of expenditures is increased by the basic
26 allowable growth rate for the school fiscal year for which budget
27 authority is being calculated.

28 (3) For any school fiscal year for which the budget authority for
29 the general fund budget of expenditures for a school district is based on
30 a student growth adjustment, the budget authority for the general fund
31 budget of expenditures for such school district shall be adjusted in

1 future years to reflect any student growth adjustment corrections related
2 to such student growth adjustment.

3 Sec. 46. Section 79-1025, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 79-1025 (1) Except as otherwise provided in this section, the The
6 basic allowable growth rate for general fund expenditures other than
7 expenditures for special education shall be the base limitation
8 established under section 77-3446.

9 (2) For purposes of calculating the cost growth factor pursuant to
10 section 79-1007.10 for state aid calculated for school fiscal year
11 2018-19 and recalculating school district budget authority for the
12 general fund budget of expenditures pursuant to section 79-1023 for
13 school fiscal year 2017-18, the basic allowable growth rate for school
14 fiscal year 2017-18 is two and one-half percent.

15 (3) The budget authority for special education for all classes of
16 school districts shall be the actual anticipated expenditures for special
17 education subject to the approval of the state board. Such budget
18 authority and funds generated pursuant to such budget authority shall be
19 used only for special education expenditures.

20 Sec. 47. Section 79-1027, Revised Statutes Supplement, 2017, is
21 amended to read:

22 79-1027 No district shall adopt a budget, which includes total
23 requirements of depreciation funds, necessary employee benefit fund cash
24 reserves, and necessary general fund cash reserves, exceeding the
25 applicable allowable reserve percentages of total general fund budget of
26 expenditures as specified in the schedule set forth in this section.

27	Average daily	Allowable
28	membership of	reserve
29	district	percentage
30	0 - 471	45

1	471.01 - 3,044	35
2	3,044.01 - 10,000	25
3	10,000.01 and over	20

4 On or before May 1, 2018 ~~June 1, 2017~~, and on or before March 1 each
5 year thereafter, the department shall determine and certify each
6 district's applicable allowable reserve percentage for the ensuing school
7 fiscal year.

8 Each district with combined necessary general fund cash reserves,
9 total requirements of depreciation funds, and necessary employee benefit
10 fund cash reserves less than the applicable allowable reserve percentage
11 specified in this section may, notwithstanding the district's applicable
12 allowable growth rate, increase its necessary general fund cash reserves
13 such that the total necessary general fund cash reserves, total
14 requirements of depreciation funds, and necessary employee benefit fund
15 cash reserves do not exceed such applicable allowable reserve percentage.

16 Sec. 48. Section 79-1031.01, Revised Statutes Supplement, 2017, is
17 amended to read:

18 79-1031.01 The Appropriations Committee of the Legislature shall
19 annually include the amount necessary to fund the state aid that will be
20 certified to school districts on or before May 1, 2018 ~~June 1, 2017~~, and
21 on or before March 1 of each year thereafter for each ensuing school
22 fiscal year in its recommendations to the Legislature to carry out the
23 requirements of the Tax Equity and Educational Opportunities Support Act.

24 Sec. 49. (1) The State Department of Education shall oversee an in-
25 depth review of the financing of the public elementary and secondary
26 schools. The review shall include, but not be limited to:

27 (a) Examination of methods of financing public elementary and
28 secondary schools that would provide equitable educational opportunities
29 across the state and offer alternatives to a heavy reliance on property
30 tax;

1 (b) Examination of financing issues as they relate to the quality
2 and performance of public elementary and secondary schools;

3 (c) Examination of the costs and resources necessary to meet the
4 diverse and growing needs of students across the state;

5 (d) Examination of methods used by other states to fund public
6 elementary and secondary school infrastructure needs; and

7 (e) Examination of other issues related to public elementary and
8 secondary school finance as determined by the department.

9 (2) To conduct this review, the department may:

10 (a) Hire staff or contract with one or more consultants; and

11 (b) Obtain assistance from the Department of Revenue to acquire
12 necessary data to carry out this section.

13 (3) The department shall prepare a preliminary report on the
14 progress of the review and submit such report electronically to the
15 Legislature on or before December 31, 2018. The department shall submit
16 the final report with recommendations electronically to the Governor and
17 Legislature on or before December 1, 2019.

18 (4) It is the intent of the Legislature to appropriate at least two
19 hundred thousand dollars to the department to carry out this section.

20 Sec. 50. (1) The Brain Injury Cash Fund is created. The fund shall
21 consist of cigarette tax revenue credited to the fund under section
22 77-2602. Any money in the fund available for investment shall be invested
23 by the state investment officer pursuant to the Nebraska Capital
24 Expansion Act and the Nebraska State Funds Investment Act.

25 (2)(a) The fund shall be administered through a contract with the
26 University of Nebraska Medical Center for administration, accounting, and
27 budgeting purposes and used to pay for contracts for assistance for
28 victims of traumatic brain injury with outside sources that specialize in
29 the area of traumatic brain injury. Such outside sources shall operate,
30 at a minimum, statewide, and also in targeted areas as defined and
31 determined in the contract, with victims of traumatic brain injury; work

1 to secure and develop community-based services for victims of traumatic
2 brain injury; provide support groups and access to pertinent information,
3 medical resources, and service referrals for victims of traumatic brain
4 injury; and educate professionals who work with victims of traumatic
5 brain injury.

6 (b) Expenditures from the fund may also include, but not be limited
7 to:

8 (i) Resource facilitation. Resource facilitation shall be given
9 priority and made available to provide ongoing support for individuals
10 with brain injuries and their families for coping with brain injuries.
11 Resource facilitation shall provide a linkage to existing services and
12 increase the capacity of the state's providers of services to individuals
13 with brain injuries by providing brain-injury-specific information,
14 support, and resources and enhancing the usage of support commonly
15 available in a community. Agencies providing resource facilitation shall
16 specialize in brain injury;

17 (ii) Training for service providers in the appropriate provision of
18 services to individuals with brain injuries;

19 (iii) Follow-up contact and information on brain injuries for
20 individuals on the brain injury registry established in the Brain Injury
21 Registry Act;

22 (iv) Activities to promote public awareness of traumatic brain
23 injury and prevention methods;

24 (v) Supporting research in the field of traumatic brain injury;

25 (vi) Providing and monitoring quality improvement processes with
26 standards of care among brain injury services and providers; and

27 (vii) Collecting data and evaluating how brain injury needs are
28 being met in this state.

29 (c) No more than ten percent of the fund shall be used for
30 administration of the fund.

31 (3) For purposes of this section, traumatic brain injury has the

1 same meaning as defined and described by the Centers for Disease Control
2 and Prevention and the National Institutes of Health.

3 Sec. 51. Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14,
4 15, 16, 17, 18, 26, 27, 28, 29, 35, 36, 37, 50, 54, and 56 of this act
5 become operative on January 1, 2019. Sections 20, 30, 31, 33, 34, 38, 53,
6 and 55 of this act become operative on October 1, 2018. The other
7 sections of this act become operative on their effective date.

8 Sec. 52. Original sections 77-2701.32 and 79-1025, Reissue Revised
9 Statutes of Nebraska, sections 77-202, 77-693, 77-801, 77-1116, 77-1238,
10 77-1248, and 79-1005.01, Revised Statutes Cumulative Supplement, 2016,
11 and sections 77-3446, 79-1009, 79-1015.01, 79-1022, 79-1022.02, 79-1023,
12 79-1027, and 79-1031.01, Revised Statutes Supplement, 2017, are repealed.

13 Sec. 53. Original section 77-2701.02, Reissue Revised Statutes of
14 Nebraska, sections 77-382, 77-2701.16, and 77-2704.24, Revised Statutes
15 Cumulative Supplement, 2016, and sections 77-2704.10 and 77-27,132,
16 Revised Statutes Supplement, 2017, are repealed.

17 Sec. 54. Original section 76-901, Reissue Revised Statutes of
18 Nebraska, sections 76-903, 77-1327, 77-2602, 77-2715, 77-2715.07, and
19 77-2717, Revised Statutes Cumulative Supplement, 2016, and section
20 77-2701, Revised Statutes Supplement, 2017, are repealed.

21 Sec. 55. The following sections are outright repealed: Sections
22 77-2704.07, 77-2704.14, 77-2704.52 and 77-2704.55, Reissue Revised
23 Statutes of Nebraska, and sections 77-2704.56, 77-2704.65, and
24 77-2704.67, Revised Statutes Cumulative Supplement, 2016.

25 Sec. 56. The following sections are outright repealed: Section
26 77-2715.09, Reissue Revised Statutes of Nebraska, and section 77-2715.08,
27 Revised Statutes Cumulative Supplement, 2016.

28 Sec. 57. Since an emergency exists, this act takes effect when
29 passed and approved according to law.