AMENDMENTS TO LB1084

Introduced by Briese, 41.

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

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

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

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

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

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

(4) Department means the State Department of Education;

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

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

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

(8) Property tax request authority means the amount that may be included in a property tax request as determined pursuant to the Property Tax Request Limitation Act;
(9) School board has the same meaning as in section 79-101;

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

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

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

(2) The school board of each school district shall calculate the
school district’s property tax request authority each year as follows:

(a) The school district’s property tax request from the prior year
shall be increased by whichever of the following percentages is the
highest:

(i) The base growth percentage;

(ii) The annual percentage increase in the student enrollment of the
school district;

(iii) The percentage obtained by dividing the annual increase in the
total number of limited English proficiency students in the school
district by the student enrollment of the school district; or

(iv) The percentage obtained by dividing the annual increase in the
total number of poverty students in the school district by the student
enrollment of the school district; and

(b) The amount determined under subdivision (2)(a) of this section
shall then be:

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

(ii) Increased by an amount equal to the amount by which total non-
property-tax revenue for the prior year exceeds the total non-property-tax revenue for the current year. In determining the total non-property-tax revenue for the current year, any category of non-property-tax revenue for which there is insufficient data as of August 1 to make an accurate determination shall be deemed to be equal to the prior year’s amount.

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

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

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

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

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

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

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

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

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

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

Sec. 7. The department shall prepare documents to be used by school
boards when calculating a school district’s property tax request
authority and unused property tax request authority. Each school board
shall submit such documents to the department on or before September 20
of each year. If a school board fails to submit such documents to the
department or if the department determines from such documents that a
school district is not complying with the limits provided in the Property
Tax Request Limitation Act, the department shall notify the school board
of its determination. The Commissioner of Education shall then direct
that any state aid granted pursuant to the Tax Equity and Educational
Opportunities Support Act be withheld until such time as the school board
submits the required documents or complies with the Property Tax Request
Limitation Act. The state aid shall be held for six months. If the school
board complies within the six-month period, it shall receive the
suspended state aid. If the school board fails to comply within the six-
month period, the suspended state aid shall revert to the General Fund.

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

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

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

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

(1) Department means the Department of Economic Development;

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

(3) Employer means any individual, partnership, limited liability
partnership, limited liability company, association, corporation,
nonprofit corporation, business trust, legal representative, or other
business entity that employs one or more employees and is subject to withholding under section 77-2753. Employer does not include the State of Nebraska or any political subdivision thereof;

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

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

(a) Gains valuable work experience;

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

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

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

(7) Student means any person who:

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

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

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

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

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

(a) Work in a high-needs job as determined by the department. The department shall publish a list of jobs deemed to be high-needs jobs no
later than January 1 of each year;

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

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

(d) Upon completion of the job training activities:

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

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

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

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

(b) Is a veteran;

(c) Has been convicted of a felony;

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

(e) Is a Federal Pell Grant recipient.

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

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

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

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

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

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

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

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

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

and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Award one-sixth of such amount to employers that have no more
than fifty employees and are located in the second congressional
district; 
    (d) Award one-sixth of such amount to employers that have more than
    fifty employees and are located in the second congressional district;
    (e) Award one-sixth of such amount to employers that have no more
    than fifty employees and are located in the third congressional district;
    and
    (f) Award one-sixth of such amount to employers that have more than
    fifty employees and are located in the third congressional district.
    (7) The department shall provide a second application period during
    any calendar year in which there are unused funds remaining for any
    category of employer described in subsection (6) of this section. Such
    second application period shall run from June 1 of such calendar year
    until the earlier of the date when all unused funds have been awarded or
    December 31. In making award decisions under this subsection, the
    department shall consider applications in the order in which they are
    received and may award Nebraska intern tax credits to any employer that
    qualifies under subsection (2) of this section.

Sec. 14. (1) An employer that plans to hire a student completing an
internship or an employee completing job training activities during a
calendar year may apply to the department from January 1 to May 31 of
such calendar year to receive a post-training tax credit under this
section.
(2) To be eligible for the post-training tax credit, the employer
must agree to hire the student or employee within one month after the
internship or job training activity ends for a position in which the
student or employee will:
(a) Work a minimum of forty hours per week for at least one year;
and
(b)(i) Be paid at a wage level that, when annualized, is at least
equal to three hundred percent of the federal poverty level for an
individual and receive employer-provided health benefits; or
(ii) Be paid at a wage level that, when annualized, is at least equal to three hundred fifty percent of the federal poverty level for an individual.

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

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

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

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

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

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

(5) The employer may use the post-training tax credit to reduce the employer's income tax withholding employer or payor tax liability under section 77-2756 or 77-2757. To the extent of the credit used, such withholding shall not constitute public funds or state tax revenue and shall not constitute a trust fund or be owned by the state. The use by the employer of the credit shall not change the amount that otherwise would be reported by the employer to the employee under section 77-2754 as income tax withheld and shall not reduce the amount that otherwise would be allowed by the state as a refundable credit on an employee's income tax return as income tax withheld under section 77-2755.
(6) The employer shall apply for the post-training tax credit by
submitting an application to the department. If the department determines
that an application is complete and that the employer qualifies for
credits, the department shall approve the application within the limits
set forth in subsection (7) of this section and shall certify the amount
of tax credits approved to the employer.

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

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

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

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

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

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

and

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

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

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

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

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

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

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

76-903 The Tax Commissioner shall design such stamps in such denominations as in his or her judgment will be the most advantageous to
all persons concerned. When any deed subject to the tax imposed by
section 76-901 is offered for recordation, the register of deeds shall
ascertain and compute the amount of the tax due thereon and shall collect
such amount as a prerequisite to acceptance of the deed for recordation.
If a dispute arises concerning the taxability of the transfer, the
register of deeds shall not record the deed until the disputed tax is
paid. If a disputed tax has been paid, the taxpayer may file for a refund
pursuant to section 76-908. The taxpayer may also seek a declaratory
ruling pursuant to rules and regulations adopted and promulgated by the
Department of Revenue. From each three two dollars and fifty twenty-five
cents of tax collected pursuant to section 76-901, the register of deeds
shall retain fifty cents to be placed in the county general fund and
shall remit the balance to the State Treasurer who shall credit ninety-
five cents of such amount to the Affordable Housing Trust Fund, twenty-
five cents of such amount to the Site and Building Development Fund,
twenty-five cents of such amount to the Homeless Shelter Assistance Trust
Fund, and thirty cents of such amount to the Behavioral Health Services
Fund, and one dollar and twenty-five cents of such amount to the Property
Tax Credit Cash Fund.

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

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

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

(i) Property of the state and its governmental subdivisions means
(A) property held in fee title by the state or a governmental subdivision
or (B) property beneficially owned by the state or a governmental
subdivision in that it is used for a public purpose and is being acquired
under a lease-purchase agreement, financing lease, or other instrument
which provides for transfer of legal title to the property to the state
or a governmental subdivision upon payment of all amounts due thereunder.
If the property to be beneficially owned by a governmental subdivision
has a total acquisition cost that exceeds the threshold amount or will be
used as the site of a public building with a total estimated construction
cost that exceeds the threshold amount, then such property shall qualify
for an exemption under this section only if the question of acquiring
such property or constructing such public building has been submitted at
a primary, general, or special election held within the governmental
subdivision and has been approved by the voters of the governmental
subdivision. For purposes of this subdivision, threshold amount means the
greater of fifty thousand dollars or six-tenths of one percent of the
total actual value of real and personal property of the governmental
subdivision that will beneficially own the property as of the end of the
governmental subdivision's prior fiscal year; and

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

(b) Unleased property of the state or its governmental subdivisions
which is not being used or developed for use for a public purpose but
upon which a payment in lieu of taxes is paid for public safety, rescue,
and emergency services and road or street construction or maintenance
services to all governmental units providing such services to the
property. Except as provided in Article VIII, section 11, of the
Constitution of Nebraska, the payment in lieu of taxes shall be based on
the proportionate share of the cost of providing public safety, rescue,
or emergency services and road or street construction or maintenance
services unless a general policy is adopted by the governing body of the
governmental subdivision providing such services which provides for a
different method of determining the amount of the payment in lieu of
taxes. The governing body may adopt a general policy by ordinance or
resolution for determining the amount of payment in lieu of taxes by
majority vote after a hearing on the ordinance or resolution. Such
ordinance or resolution shall nevertheless result in an equitable
contribution for the cost of providing such services to the exempt
property;

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

(d) Property owned by educational, religious, charitable, or
cemetery organizations, or any organization for the exclusive benefit of
any such educational, religious, charitable, or cemetery organization,
and used exclusively for educational, religious, charitable, or cemetery
purposes, when such property is not (i) owned or used for financial gain
or profit to either the owner or user, (ii) used for the sale of
alcoholic liquors for more than twenty hours per week, or (iii) owned or
used by an organization which discriminates in membership or employment
based on race, color, or national origin. For purposes of this
subdivision, educational organization means (A) an institution operated
exclusively for the purpose of offering regular courses with systematic
instruction in academic, vocational, or technical subjects or assisting
students through services relating to the origination, processing, or
guantying of federally reinsured student loans for higher education or
(B) a museum or historical society operated exclusively for the benefit
and education of the public. For purposes of this subdivision, charitable
organization includes an organization operated exclusively for the
purpose of the mental, social, or physical benefit of the public or an
indefinite number of persons and a fraternal benefit society organized
and licensed under sections 44-1072 to 44-10,109; and

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

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

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

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

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

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

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

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

(10) Any tangible personal property that is acquired by a person operating a data center located in this state, that is assembled, engineered, processed, fabricated, manufactured into, attached to, or incorporated into other tangible personal property, both in component form or that of an assembled product, for the purpose of subsequent use at a physical location outside this state by the person operating a data center shall be exempt from the personal property tax. Such exemption extends to keeping, retaining, or exercising any right or power over tangible personal property in this state for the purpose of subsequently transporting it outside this state for use thereafter outside this state. For purposes of this subsection, data center means computers, supporting equipment, and other organized assembly of hardware or software that are designed to centralize the storage, management, or dissemination of data and information, environmentally controlled structures or facilities or
interrelated structures or facilities that provide the infrastructure for
housing the equipment, such as raised flooring, electricity supply,
communication and data lines, Internet access, cooling, security, and
fire suppression, and any building housing the foregoing.

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

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

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

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

(a) Agriculture, which shall include a separate listing for the
following items: Agricultural machinery; agricultural chemicals; seeds
sold to commercial producers; water for irrigation and manufacturing;
commercial artificial insemination; mineral oil as dust suppressant;
animal grooming; oxygen for use in aquaculture; animal life whose
products constitute food for human consumption; and grains;

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

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

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

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

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

(g) General business, which shall include a separate listing for the
following items: Component and ingredient parts; manufacturing machinery;
containers; film rentals; molds and dies; syndicated programming;
intercompany sales; intercompany leases; sale of a business or farm
machinery; and transfer of property in a change of business ownership;

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

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

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

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

(l) Services purchased for nonbusiness use, which shall include a
separate listing for each such service, including, but not limited to,
the following items: Motor vehicle cleaning, maintenance, and repair
services; cleaning and repair of clothing; cleaning, maintenance, and
repair of other tangible personal property; maintenance, painting, and
repair of real property; entertainment admissions; personal care
services; lawn care, gardening, and landscaping services; pet-related
services; storage and moving services; household utilities; other
personal services; taxi, limousine, and other transportation services;
legal services; accounting services; other professional services; and
other real estate services; and

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

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

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

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

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

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

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

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

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

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

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

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

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

77-801 (1) All public service entities shall, on or before April 15 of each year, furnish a statement specifying such information as may be required by the Property Tax Administrator on forms prescribed by the Tax
Commissioner to determine and distribute the entity's total taxable value including the franchise value. All information reported by the public service entities, not available from any other public source, and any memorandum thereof shall be confidential and available to taxing officials only. For good cause shown, the Property Tax Administrator may allow an extension of time in which to file such statement. Such extension shall not exceed fifteen days after April 15.

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

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

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

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

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

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

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

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

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

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

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

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

Within thirty days after receipt of a completed application containing the information necessary for the Tax Commissioner to certify a potential qualified equity investment, including the payment of the application fee, the Tax Commissioner shall grant or deny the application in full or in part. If the Tax Commissioner denies any part of the application, the Tax Commissioner shall inform the qualified community development entity of the grounds for the denial. If the qualified community development entity provides any additional information required by the Tax Commissioner or otherwise completes its application within fifteen days after the notice of denial, the application shall be considered completed as of the original date of submission. If the
qualified community development entity fails to provide the information or complete its application within the fifteen-day period, the application remains denied and must be resubmitted in full with a new submission date.

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

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

(6) Once the Tax Commissioner has certified qualified equity investments that, on a cumulative basis, are eligible for the maximum limitation contained in section 77-1115, the Tax Commissioner may not certify any more qualified equity investments for that fiscal year. If a pending request cannot be fully certified, the Tax Commissioner shall certify the portion that may be certified unless the qualified community development entity fails to provide the information or complete its application within the fifteen-day period, the application remains denied and must be resubmitted in full with a new submission date.
development entity elects to withdraw its request rather than receive partial credit.

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

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

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

(2) For tax years prior to tax year 2019, the Property Tax Administrator shall reduce the value of the tangible personal property owned by each railroad, car line company, public service entity, and air carrier by a compensating exemption factor to reflect the exemption
allowed in subsection (1) of this section for all other personal property taxpayers. The compensating exemption factor is calculated by multiplying the value of the tangible personal property of the railroad, car line company, public service entity, or air carrier by a fraction, the numerator of which is the total amount of locally assessed tangible personal property that is actually subjected to property tax after the exemption allowed in subsection (1) of this section, and the denominator of which is the net book value of locally assessed tangible personal property prior to the exemptions allowed in subsection (1) of this section.

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

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

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

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

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

(b) If the ratio of the taxable value of flight equipment of air carriers exceeds the ratio of the taxable value of commercial and industrial depreciable tangible personal property by more than five percent, the Property Tax Administrator may adjust the value of such flight equipment of air carriers to the percentage of the taxable
commercial and industrial depreciable tangible personal property pursuant to federal law applicable to air carrier transportation property or Nebraska federal court decisions applicable thereto.

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

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

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

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

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

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

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

(5) County assessors and other taxing officials shall electronically report data on the assessed valuation and other features of the property assessment process for such periods and in such form and content as the Property Tax Administrator shall deem appropriate. The Property Tax Administrator shall so construct and maintain the system used to collect and analyze the data to enable him or her to make intracounty comparisons of assessed valuation, including school districts and other political subdivisions, as well as intercounty comparisons of assessed valuation,
including school districts and other political subdivisions. The Property
Tax Administrator shall include analysis of real property sales pursuant
to land contracts and similar transfers at the time of execution of the
contract or similar transfer.

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

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

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

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

(a) First, beginning July 1, 1980, the State Treasurer shall place
the equivalent of one cent of such tax in the Nebraska Outdoor Recreation
Development Cash Fund. For fiscal year distributions occurring after
FY1998-99, the distribution under this subdivision shall not be less than
the amount distributed under this subdivision for FY1997-98. Any money
needed to increase the amount distributed under this subdivision to the
FY1997-98 amount shall reduce the distribution to the General Fund;

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

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

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

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

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

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

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

(i) Ninth, beginning July 1, 2016, and every fiscal year thereafter,
the State Treasurer shall place the equivalent of one million two hundred fifty thousand dollars of such tax in the Nebraska Health Care Cash Fund. If necessary, the State Treasurer shall reduce the distribution of tax proceeds to the General Fund pursuant to subsection (2) of this section by such amount required to fulfill the distribution pursuant to this subdivision;

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

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

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

(5) The Legislature hereby finds and determines that the projects funded from the Municipal Infrastructure Redevelopment Fund and the Building Renewal Allocation Fund are of critical importance to the State of Nebraska. It is the intent of the Legislature that the allocations and appropriations made by the Legislature to such funds or, in the case of allocations for the Municipal Infrastructure Redevelopment Fund, to the particular municipality's account not be reduced until all contracts and securities relating to the construction and financing of the projects or
portions of the projects funded from such funds or accounts of such funds are completed or paid or, in the case of the Municipal Infrastructure Redevelopment Fund, the earlier of such date or July 1, 2009, and that until such time any reductions in the cigarette tax rate made by the Legislature shall be simultaneously accompanied by equivalent reductions in the amount dedicated to the General Fund from cigarette tax revenue. Any provision made by the Legislature for distribution of the proceeds of the cigarette tax for projects or programs other than those to (a) the General Fund, (b) the Nebraska Outdoor Recreation Development Cash Fund, (c) the Health and Human Services Cash Fund, (d) the Municipal Infrastructure Redevelopment Fund, (e) the Building Renewal Allocation Fund, (f) the Information Technology Infrastructure Fund, (g) the City of the Primary Class Development Fund, (h) the City of the Metropolitan Class Development Fund, (i) the Nebraska Public Safety Communication System Cash Fund, and (j) the Nebraska Health Care Cash Fund, (k) the Property Tax Credit Cash Fund, and (l) the Brain Injury Cash Fund shall not be made a higher priority than or an equal priority to any of the programs or projects specified in subdivisions (a) through (l) of this subsection.

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

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

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

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

(b) Has federal adjusted gross income for the taxable year of five hundred thousand dollars or more.
(2) The surtax shall be in addition to any other taxes owed under the Nebraska Revenue Act of 1967 and shall be equal to the individual’s state income tax liability multiplied by a rate of:

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

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

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

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

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

77-2701.02 Pursuant to section 77-2715.01:

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

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

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

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

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

(6) Commencing October 1, 2019, the rate of the sales tax levied
pursuant to section 77-2703 shall be six and one-half percent.

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

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

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

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

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

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

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

(ii) In the furnishing of electricity service to a customer-generator as defined in section 70-2002, the net energy use upon billings
or statements rendered to customer-generators for such electricity
service;

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

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

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

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

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

(4) Gross receipts for providing a service means:

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

(b) The gross income received for motor vehicle washing, waxing,
towing, and painting;

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

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

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

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

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

(h) The gross income received for detective services;

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

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

(k) The gross income received for investment advice;

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

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

(n) The gross income received for limousine, taxi, and other transportation services;
(o) The gross income received for the services of travel agents and tour operators;

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

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

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

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

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

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

(v) The gross income received for tanning services;

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

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

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

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

(7) Gross receipts includes the sale of any building materials annexed to real estate by a person electing to be taxed as a retailer.
pursuant to subdivision (1) of section 77-2701.10.

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

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

(10) Gross receipts does not include:

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

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

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

77-2701.32 (1) Retailer means any seller.

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

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

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

(c) Every person who has elected to be considered a retailer
pursuant to subdivision (1) of section 77-2701.10;

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

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

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

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

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

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

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

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

(b) A person who lacks a physical presence in this state and who makes retail sales of property to purchasers in this state shall have the duties and responsibilities of a seller for the purposes of sales and use tax.
taxes if such person meets either of the following criteria in the
previous or current calendar year:

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

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

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

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

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

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

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

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

(5) Prepared food and food and food ingredients sold to the
elderly, handicapped, or recipients of Supplemental Security Income by an
organization that actually accepts electronic benefits transfer under
regulations issued by the United States Department of Agriculture although it is not necessary for the purchaser to use electronic benefits transfer to pay for the prepared food and food and food ingredients;

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

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

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

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

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

(2) For purposes of this section:

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

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

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

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

(e) Prepared food means:

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

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

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

(B) Eggs, fish, meat, poultry, and foods containing these raw animal foods requiring cooking by the consumer as recommended by the federal
Food and Drug Administration in chapter 3, part 401.11 of its Food Code, as it existed on January 1, 2003, so as to prevent food borne illnesses; (C) Food sold by a seller whose proper primary North American Industry Classification System classification is manufacturing in sector 311, except subsector 3118, bakeries; (D) Food sold in an unheated state by weight or volume as a single item; (E) Bakery items, including bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, danish, cakes, tortes, pies, tarts, muffins, bars, cookies, and tortillas; and (F) Food that ordinarily requires additional cooking to finish the product to its desired final condition; and (f) Tobacco means cigarettes, cigars, chewing or pipe tobacco, or any other item that contains tobacco.

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

77-2715 (1) A tax is hereby imposed for each taxable year on the entire income of every resident individual and on the income of every nonresident individual and partial-year resident individual which is derived from sources within this state, except that any individual who has additions to adjusted gross income pursuant to section 77-2716 of less than five thousand dollars shall not have an individual income tax liability after nonrefundable credits under the Nebraska Revenue Act of 1967 that exceeds his or her individual income tax liability before credits under the Internal Revenue Code of 1986. (2)(a) For taxable years beginning or deemed to begin before January 1, 2014, the tax for each resident individual shall be a percentage of such individual's federal adjusted gross income as modified in sections 77-2716 and 77-2716.01, plus a percentage of the federal alternative minimum tax and the federal tax on premature or lump-sum distributions from qualified retirement plans. The additional taxes shall be recomputed
by (i) substituting Nebraska taxable income for federal taxable income,
(ii) calculating what the federal alternative minimum tax would be on
Nebraska taxable income and adjusting such calculations for any items
which are reflected differently in the determination of federal taxable
income, and (iii) applying Nebraska rates to the result. The federal
credit for prior year minimum tax, after the recomputations required by
the act, shall be allowed as a reduction in the income tax due.

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

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

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

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

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

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

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

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

(b) A credit for taxes paid to another state as provided in section 77-2730.
(2) There shall be allowed to qualified resident individuals against the income tax imposed by the Nebraska Revenue Act of 1967:

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

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

(c) A refundable credit as provided in section 77-5209.01 for individuals who qualify for an income tax credit as a qualified beginning farmer or livestock producer under the Beginning Farmer Tax Credit Act for all taxable years beginning or deemed to begin on or after January 1,
2006, under the Internal Revenue Code of 1986, as amended;

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

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

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

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

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

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

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

(b) A credit for contributions to certified community betterment
programs as provided in the Community Development Assistance Act. Each
partner, each shareholder of an electing subchapter S corporation, each
beneficiary of an estate or trust, or each member of a limited liability
company shall report his or her share of the credit in the same manner
and proportion as he or she reports the partnership, subchapter S
corporation, estate, trust, or limited liability company income;
(c) A credit for investment in a biodiesel facility as provided in section 77-27,236;
(d) A credit as provided in the New Markets Job Growth Investment Act;
(e) A credit as provided in the Nebraska Job Creation and Mainstreet Revitalization Act;
(f) A credit to employers as provided in section 77-27,238; and
(g) A credit as provided in the Affordable Housing Tax Credit Act.
(4) There shall be allowed as a credit against the income tax imposed by the Nebraska Revenue Act of 1967:
(a) A credit to all resident estates and trusts for taxes paid to another state as provided in section 77-2730;
(b) A credit to all estates and trusts for contributions to certified community betterment programs as provided in the Community Development Assistance Act; and
(c) A refundable credit for individuals who qualify for an income tax credit as an owner of agricultural assets under the Beginning Farmer Tax Credit Act for all taxable years beginning or deemed to begin on or after January 1, 2009, under the Internal Revenue Code of 1986, as amended. The credit allowed for each partner, shareholder, member, or beneficiary of a partnership, corporation, limited liability company, or estate or trust qualifying for an income tax credit as an owner of agricultural assets under the Beginning Farmer Tax Credit Act shall be equal to the partner's, shareholder's, member's, or beneficiary's portion of the amount of tax credit distributed pursuant to subsection (4) of section 77-5211.
(5)(a) For all taxable years beginning on or after January 1, 2007, and before January 1, 2009, under the Internal Revenue Code of 1986, as amended, there shall be allowed to each partner, shareholder, member, or beneficiary of a partnership, subchapter S corporation, limited liability
company, or estate or trust a nonrefundable credit against the income tax
imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
partner's, shareholder's, member's, or beneficiary's portion of the
amount of franchise tax paid to the state under sections 77-3801 to
77-3807 by a financial institution.

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

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

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

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

77-2717 (1)(a)(i) For taxable years beginning or deemed to begin
before January 1, 2014, the tax imposed on all resident estates and
trusts shall be a percentage of the federal taxable income of such
estates and trusts as modified in section 77-2716, plus a percentage of
the federal alternative minimum tax and the federal tax on premature or
lump-sum distributions from qualified retirement plans. The additional
taxes shall be recomputed by (A) substituting Nebraska taxable income for
federal taxable income, (B) calculating what the federal alternative
minimum tax would be on Nebraska taxable income and adjusting such
calculations for any items which are reflected differently in the
determination of federal taxable income, and (C) applying Nebraska rates
to the result. The federal credit for prior year minimum tax, after the
recomputations required by the Nebraska Revenue Act of 1967, and the
credits provided in the Nebraska Advantage Microenterprise Tax Credit Act
and the Nebraska Advantage Research and Development Act shall be allowed
as a reduction in the income tax due. A refundable income tax credit
shall be allowed for all resident estates and trusts under the Angel
Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax
Credit Act, and the Nebraska Advantage Research and Development Act. A
nonrefundable income tax credit shall be allowed for all resident estates
and trusts as provided in the New Markets Job Growth Investment Act.

(ii) For taxable years beginning or deemed to begin on or after
January 1, 2014, and before January 1, 2019, the tax imposed on all
resident estates and trusts shall be a percentage of the federal taxable
income of such estates and trusts as modified in section 77-2716, plus a
percentage of the federal tax on premature or lump-sum distributions from
qualified retirement plans. The additional taxes shall be recomputed by
substituting Nebraska taxable income for federal taxable income and
applying Nebraska rates to the result. The credits provided in the
Nebraska Advantage Microenterprise Tax Credit Act and the Nebraska
Advantage Research and Development Act shall be allowed as a reduction in
the income tax due. A refundable income tax credit shall be allowed for
all resident estates and trusts under the Angel Investment Tax Credit
Act, the Nebraska Advantage Microenterprise Tax Credit Act, and the
Nebraska Advantage Research and Development Act. A nonrefundable income
tax credit shall be allowed for all resident estates and trusts as
provided in the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.

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

(b) The tax imposed on all nonresident estates and trusts shall be the portion of the tax imposed on resident estates and trusts which is attributable to the income derived from sources within this state. The tax which is attributable to income derived from sources within this state shall be determined by multiplying the liability to this state for a resident estate or trust with the same total income by a fraction, the numerator of which is the nonresident estate's or trust's Nebraska income
as determined by sections 77-2724 and 77-2725 and the denominator of
which is its total federal income after first adjusting each by the
amounts provided in section 77-2716. The federal credit for prior year
minimum tax, after the recomputations required by the Nebraska Revenue
Act of 1967, reduced by the percentage of the total income which is
attributable to income from sources outside this state, and the credits
provided in the Nebraska Advantage Microenterprise Tax Credit Act and the
Nebraska Advantage Research and Development Act shall be allowed as a
reduction in the income tax due. A refundable income tax credit shall be
allowed for all nonresident estates and trusts under the Angel Investment
Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,
and the Nebraska Advantage Research and Development Act. A nonrefundable
income tax credit shall be allowed for all nonresident estates and trusts
as provided in the Nebraska Job Creation and Mainstreet Revitalization
Act, the New Markets Job Growth Investment Act, the School Readiness Tax
Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.

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

(3) The beneficiaries of such estate or trust who are residents of
this state shall include in their income their proportionate share of
such estate's or trust's federal income and shall reduce their Nebraska
tax liability by their proportionate share of the credits as provided in
the Angel Investment Tax Credit Act, the Nebraska Advantage
Microenterprise Tax Credit Act, the Nebraska Advantage Research and
Development Act, the Nebraska Job Creation and Mainstreet Revitalization
Act, the New Markets Job Growth Investment Act, the School Readiness Tax
Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.
There shall be allowed to a beneficiary a refundable income tax credit
under the Beginning Farmer Tax Credit Act for all taxable years beginning
or deemed to begin on or after January 1, 2001, under the Internal
Revenue Code of 1986, as amended.

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

(5) In the absence of the nonresident beneficiary's executed
agreement being attached to the Nebraska fiduciary return, the estate or
trust shall remit a portion of such beneficiary's income which was
derived from or attributable to Nebraska sources with its Nebraska return
for the taxable year. For taxable years beginning or deemed to begin
before January 1, 2013, the amount of remittance, in such instance, shall
be the highest individual income tax rate determined under section
77-2715.02 multiplied by the nonresident beneficiary's share of the
estate or trust income which was derived from or attributable to sources
within this state. For taxable years beginning or deemed to begin on or
after January 1, 2013, the amount of remittance, in such instance, shall
be the highest individual income tax rate determined under section
77-2715.03 multiplied by the nonresident beneficiary's share of the
estate or trust income which was derived from or attributable to sources
within this state. The amount remitted shall be allowed as a credit
against the Nebraska income tax liability of the beneficiary.

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

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

(8) For purposes of this section, any beneficiary of an estate or
trust that is a grantor trust of a nonresident shall be disregarded and
this section shall apply as though the nonresident grantor was the beneficiary.

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

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

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

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

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

(i) For transactions occurring on or after October 1, 2018, and before October 1, 2019, the proceeds equal to any sales tax rate provided for in section 77-2701.02 that is in excess of five and one-half percent...
derived from the sale or lease for periods of more than thirty-one days of motor vehicles, trailers, and semitrailers shall be credited to the Highway Allocation Fund; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

79-1009 (1)(a) A district shall receive net option funding if (i) option students as defined in section 79-233 were actually enrolled in the school year immediately preceding the school year in which the aid is to be paid, (ii) option students as defined in such section will be enrolled in the school year in which the aid is to be paid as converted contract option students, or (iii) for the calculation of aid for school fiscal year 2017-18 for school districts that are members of a learning community, open enrollment students were actually enrolled for school
year 2016-17 pursuant to section 79-2110.

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

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

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

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

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

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

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

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

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

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

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

79-1022 (1) On or before May 1, 2018 June 1, 2017, and on or before March 1 of each year thereafter, for each ensuing fiscal year, the department shall determine the amounts to be distributed to each local system and each district for the ensuing school fiscal year pursuant to the Tax Equity and Educational Opportunities Support Act and shall certify the amounts to the Director of Administrative Services, the Auditor of Public Accounts, each learning community for school fiscal years prior to school fiscal year 2017-18, and each district. Except as otherwise provided in this section, the amount to be distributed to each district from the amount certified for a local system shall be proportional based on the formula students attributed to each district in the local system. For school fiscal years prior to school fiscal year 2017-18, the amount to be distributed to each district that is a member of a learning community from the amount certified for the local system shall be proportional based on the formula needs calculated for each
district in the local system. On or before May 1, 2018 June 1, 2017, and
on or before March 1 of each year thereafter, for each ensuing fiscal
year, the department shall report the necessary funding level for the
ensuing school fiscal year to the Governor, the Appropriations Committee
of the Legislature, and the Education Committee of the Legislature. The
report submitted to the committees of the Legislature shall be submitted
electronically. Except as otherwise provided in this subsection,
certified state aid amounts, including adjustments pursuant to section
79-1065.02, shall be shown as budgeted non-property-tax receipts and
deducted prior to calculating the property tax request in the district's
general fund budget statement as provided to the Auditor of Public
Accounts pursuant to section 79-1024.

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

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

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

Sec. 45. Section 79-1023, Revised Statutes Supplement, 2017, is
amended to read:
79-1023 (1) On or before **May 1, 2018 June 1, 2017**, and on or before March 1 of each year thereafter, the department shall determine and certify to each school district budget authority for the general fund budget of expenditures for the ensuing school fiscal year. On or before May 1, 2018, the department shall redetermine and recertify to each school district budget authority for the general fund budget of expenditures for the 2017-18 school fiscal year.

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

(3) For any school fiscal year for which the budget authority for the general fund budget of expenditures for a school district is based on a student growth adjustment, the budget authority for the general fund budget of expenditures for such school district shall be adjusted in
future years to reflect any student growth adjustment corrections related to such student growth adjustment.

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>Average daily membership of district</th>
<th>Allowable reserve percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 471</td>
<td>45</td>
</tr>
</tbody>
</table>
On or before May 1, 2018 June 1, 2017, and on or before March 1 each
year thereafter, the department shall determine and certify each
district's applicable allowable reserve percentage for the ensuing school
fiscal year.

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

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

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

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

(a) Examination of methods of financing public elementary and
secondary schools that would provide equitable educational opportunities
across the state and offer alternatives to a heavy reliance on property
tax;
(b) Examination of financing issues as they relate to the quality
and performance of public elementary and secondary schools;

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

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

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

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

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

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

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

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

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

(2) The fund shall be administered through a contract with the
University of Nebraska Medical Center for administration, accounting, and
budgeting purposes and used to pay for contracts for assistance for
victims of traumatic brain injury with outside sources that specialize in
the area of traumatic brain injury. Such outside sources shall operate,
at a minimum, statewide, and also in targeted areas as defined and
determined in the contract, with victims of traumatic brain injury; work
to secure and develop community-based services for victims of traumatic brain injury; provide support groups and access to pertinent information, medical resources, and service referrals for victims of traumatic brain injury; and educate professionals who work with victims of traumatic brain injury.

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

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

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

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

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

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

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

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

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

(3) For purposes of this section, traumatic brain injury has the
same meaning as defined and described by the Centers for Disease Control
and Prevention and the National Institutes of Health.

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

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

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

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

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

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

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