AMENDMENTS TO LB947

Introduced by Revenue.

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

   Section 1. Sections 1 to 4 of this act shall be known and may be cited as the Nebraska Property Tax Cuts and Opportunities Act.

   Sec. 2. For purposes of the Nebraska Property Tax Cuts and Opportunities Act:

   (1) Agricultural land and horticultural land has the same meaning as in section 77-1359;

   (2) Department means the Department of Revenue;

   (3) Farm site has the same meaning as in section 77-1359;

   (4) Homestead has the same meaning as in section 77-3502; and

   (5) Owner has the same meaning as in section 77-3503.

Sec. 3. (1) For taxable years beginning or deemed to begin on or after January 1, 2018, each individual who is an owner of a homestead shall be allowed a refundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 equal to the applicable percentage in subsection (2) of this section multiplied by the property taxes paid during the taxable year on such homestead, not to exceed the applicable credit limitation amount provided in subsection (3) of this section.

   (2) The following percentages shall apply for purposes of calculating the credit allowed in subsection (1) of this section:

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Credit Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1%</td>
</tr>
<tr>
<td>2019</td>
<td>2%</td>
</tr>
<tr>
<td>2020</td>
<td>3%</td>
</tr>
<tr>
<td>2021</td>
<td>4%</td>
</tr>
<tr>
<td>2022</td>
<td>5%</td>
</tr>
</tbody>
</table>
(3) The credit allowed in subsection (1) of this section shall not exceed the following credit limitation amounts:

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Credit Limitation Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$25</td>
</tr>
<tr>
<td>2019</td>
<td>$50</td>
</tr>
<tr>
<td>2020</td>
<td>$75</td>
</tr>
<tr>
<td>2021</td>
<td>$100</td>
</tr>
<tr>
<td>2022</td>
<td>$125</td>
</tr>
<tr>
<td>2023</td>
<td>$150</td>
</tr>
<tr>
<td>2024</td>
<td>$200</td>
</tr>
<tr>
<td>2025</td>
<td>$250</td>
</tr>
<tr>
<td>2026</td>
<td>$300</td>
</tr>
<tr>
<td>2027</td>
<td>$350</td>
</tr>
<tr>
<td>2028</td>
<td>$400</td>
</tr>
<tr>
<td>2029</td>
<td>$450</td>
</tr>
<tr>
<td>2030 and After</td>
<td>$500</td>
</tr>
</tbody>
</table>

(4) If the property taxes on a homestead are paid by a corporation having an election in effect under subchapter S of the Internal Revenue Code, a partnership, a limited liability company, a trust, or an estate, the amount of property taxes paid during the taxable year shall be allocated to the shareholders, partners, members, or beneficiaries in the
same proportion that income is distributed. The department shall provide forms and schedules necessary for verifying eligibility for the credit provided in this section and for allocating the property taxes paid.

(5) The owner of a homestead who becomes the owner of another homestead prior to August 15 of any year may file an affidavit with the department on a form provided by the Tax Commissioner to allow the credit to be claimed with respect to the property taxes paid by the owner on either homestead during the taxable year.

Sec. 4.  (1) For taxable years beginning or deemed to begin on or after January 1, 2018, each individual shall be allowed a refundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 equal to the applicable percentage in subsection (2) of this section multiplied by the property taxes paid during the taxable year on agricultural land and horticultural land, farm sites, and improvements on farm sites that are agricultural or horticultural in nature.

(2) The following percentages shall apply for purposes of calculating the credit allowed in subsection (1) of this section:

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Credit Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>2%</td>
</tr>
<tr>
<td>2019</td>
<td>4%</td>
</tr>
<tr>
<td>2020</td>
<td>6%</td>
</tr>
<tr>
<td>2021</td>
<td>8%</td>
</tr>
<tr>
<td>2022</td>
<td>10%</td>
</tr>
<tr>
<td>2023</td>
<td>12%</td>
</tr>
<tr>
<td>2024</td>
<td>14%</td>
</tr>
<tr>
<td>2025</td>
<td>16%</td>
</tr>
<tr>
<td>2026</td>
<td>18%</td>
</tr>
<tr>
<td>2027 and After</td>
<td>20%</td>
</tr>
</tbody>
</table>

(3) If the property taxes on agricultural land and horticultural land, farm sites, and improvements on farm sites are paid by a
corporation having an election in effect under subchapter S of the Internal Revenue Code, a partnership, a limited liability company, a trust, or an estate, the amount of property taxes paid during the taxable year shall be allocated to the shareholders, partners, members, or beneficiaries in the same proportion that income is distributed. The department shall provide forms and schedules necessary for verifying eligibility for the credit provided in this section and for allocating the property taxes paid.

Sec. 5. 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) A refundable credit equal to ten percent of the federal credit allowed under section 32 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 refundable credit 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.

(7) There shall be allowed to all individuals refundable credits
against the income tax imposed by the Nebraska Revenue Act of 1967 as
provided in the Nebraska Property Tax Cuts and Opportunities Act.

Sec. 6. Section 77-2734.02, Revised Statutes Cumulative Supplement,
2016, is amended to read:

77-2734.02 (1) Except as provided in subsection (2) of this section,
a tax is hereby imposed on the taxable income of every corporate taxpayer
that is doing business in this state:

(a) For taxable years beginning or deemed to begin before January 1,
2013, at a rate equal to one hundred fifty and eight-tenths percent of
the primary rate imposed on individuals under section 77-2701.01 on the
first one hundred thousand dollars of taxable income and at the rate of
two hundred eleven percent of such rate on all taxable income in excess
of one hundred thousand dollars. The resultant rates shall be rounded to
the nearest one hundredth of one percent; and

(b) For taxable years beginning or deemed to begin on or after
January 1, 2013, and before January 1, 2019, at a rate equal to 5.58
percent on the first one hundred thousand dollars of taxable income and
at the rate of 7.81 percent on all taxable income in excess of one
hundred thousand dollars;

(c) For taxable years beginning or deemed to begin on or after
January 1, 2019, and before January 1, 2020, at a rate equal to 5.58
percent on the first one hundred thousand dollars of taxable income and
at the rate of 7.62 percent on all taxable income in excess of one
hundred thousand dollars;

(d) For taxable years beginning or deemed to begin on or after
January 1, 2020, and before January 1, 2021, at a rate equal to 5.58
percent on the first one hundred thousand dollars of taxable income and
at the rate of 7.43 percent on all taxable income in excess of one
hundred thousand dollars;

(e) For taxable years beginning or deemed to begin on or after
January 1, 2021, and before January 1, 2022, at a rate equal to 5.58
percent on the first one hundred thousand dollars of taxable income and
at the rate of 7.24 percent on all taxable income in excess of one
hundred thousand dollars;

(f) For taxable years beginning or deemed to begin on or after
January 1, 2022, and before January 1, 2023, at a rate equal to 5.58
percent on the first one hundred thousand dollars of taxable income and
at the rate of 7.04 percent on all taxable income in excess of one
hundred thousand dollars; and

(g) For taxable years beginning or deemed to begin on or after
January 1, 2023, at a rate equal to 5.58 percent on the first one hundred
thousand dollars of taxable income and at the rate of 6.84 percent on all
taxable income in excess of one hundred thousand dollars.

For corporate taxpayers with a fiscal year that does not coincide
with the calendar year, the individual rate used for this subsection
shall be the rate in effect on the first day, or the day deemed to be the
first day, of the taxable year.

(2) An insurance company shall be subject to taxation at the lesser
of the rate described in subsection (1) of this section or the rate of
tax imposed by the state or country in which the insurance company is
domiciled if the insurance company can establish to the satisfaction of
the Tax Commissioner that it is domiciled in a state or country other
than Nebraska that imposes on Nebraska domiciled insurance companies a
retaliatory tax against the tax described in subsection (1) of this
section.

(3) For a corporate taxpayer that is subject to tax in another
state, its taxable income shall be the portion of the taxpayer's federal
taxable income, as adjusted, that is determined to be connected with the taxpayer's operations in this state pursuant to sections 77-2734.05 to 77-2734.15.

(4) Each corporate taxpayer shall file only one income tax return for each taxable year.

Sec. 7. Section 77-4212, Revised Statutes Supplement, 2017, is amended to read:

77-4212 (1) For tax year 2007, the amount of relief granted under the Property Tax Credit Act shall be one hundred five million dollars. For tax year 2008, the amount of relief granted under the act shall be one hundred fifteen million dollars. It is the intent of the Legislature to fund the Property Tax Credit Act for tax years after tax year 2008 using available revenue. For tax year 2017 and each tax year thereafter, the amount of relief granted under the act shall be two hundred twenty-four million dollars. The relief shall be in the form of a property tax credit which appears on the property tax statement.

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

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

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

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

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

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

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

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

Sec. 8. Section 84-612, Revised Statutes Supplement, 2017, is amended to read:

84-612 (1) There is hereby created within the state treasury a fund known as the Cash Reserve Fund which shall be under the direction of the State Treasurer. The fund shall only be used pursuant to this section.

(2) The State Treasurer shall transfer funds from the Cash Reserve Fund to the General Fund upon certification by the Director of Administrative Services that the current cash balance in the General Fund is inadequate to meet current obligations. Such certification shall
include the dollar amount to be transferred. Any transfers made pursuant
to this subsection shall be reversed upon notification by the Director of
Administrative Services that sufficient funds are available.

(3) In addition to receiving transfers from other funds, the Cash
Reserve Fund shall receive federal funds received by the State of
Nebraska for undesignated general government purposes, federal revenue
sharing, or general fiscal relief of the state.

(4) The State Treasurer, at the direction of the budget
administrator of the budget division of the Department of Administrative
Services, shall transfer not to exceed forty-three million fifteen
thousand four hundred fifty-nine dollars in total from the Cash Reserve
Fund to the Nebraska Capital Construction Fund between July 1, 2013, and
June 30, 2018.

(5) The State Treasurer shall transfer the following amounts from
the Cash Reserve Fund to the Nebraska Capital Construction Fund on such
dates as directed by the budget administrator of the budget division of
the Department of Administrative Services:

(a) Seven million eight hundred four thousand two hundred ninety-two
dollars on or after June 15, 2016, but before June 30, 2016;

(b) Ten million five thousand one hundred twenty-nine dollars on or
after June 15, 2019, but before June 30, 2019; and

(c) Ten million four hundred thirty-one thousand five hundred
eighty-five dollars on or after June 15, 2021, but before June 30, 2021.

(6) The State Treasurer shall transfer seventy-five million two
hundred fifteen thousand three hundred thirteen dollars from the Cash
Reserve Fund to the Nebraska Capital Construction Fund on or before July
31, 2017, on such date as directed by the budget administrator of the
budget division of the Department of Administrative Services.

(7) The State Treasurer shall transfer thirty-one million dollars
from the Cash Reserve Fund to the General Fund after July 1, 2017, but
before July 15, 2017, on such date as directed by the budget
administrator of the budget division of the Department of Administrative Services.

(8) The State Treasurer shall transfer thirty-one million dollars from the Cash Reserve Fund to the General Fund after October 1, 2017, but before October 15, 2017, on such date as directed by the budget administrator of the budget division of the Department of Administrative Services.

(9) The State Treasurer shall transfer thirty-one million dollars from the Cash Reserve Fund to the General Fund after January 1, 2018, but before January 15, 2018, on such date as directed by the budget administrator of the budget division of the Department of Administrative Services.

(10) The State Treasurer shall transfer thirty-two million dollars from the Cash Reserve Fund to the General Fund after April 1, 2018, but before April 15, 2018, on such date as directed by the budget administrator of the budget division of the Department of Administrative Services.

(11) The State Treasurer shall transfer forty-eight million dollars from the Cash Reserve Fund to the General Fund after March 1, 2019, but before March 15, 2019, on such date as directed by the budget administrator of the budget division of the Department of Administrative Services.

(12) The State Treasurer shall transfer five million dollars from the Cash Reserve Fund to the Job Training Cash Fund after July 1, 2018, but before July 1, 2019, on such date as directed by the budget administrator of the budget division of the Department of Administrative Services.

(13) The State Treasurer shall transfer two hundred twelve thousand two hundred ninety-nine dollars from the Cash Reserve Fund to the General Fund after July 1, 2018, but before July 1, 2019, on such date as directed by the budget administrator of the budget division of the
Department of Administrative Services.

(14) The State Treasurer shall transfer thirty-four million four hundred fifty thousand dollars from the Cash Reserve Fund to the General Fund after January 1, 2019, but before April 1, 2019, on such date as directed by the budget administrator of the budget division of the Department of Administrative Services.

Sec. 9. Original sections 77-2715.07 and 77-2734.02, Revised Statutes Cumulative Supplement, 2016, and sections 77-4212 and 84-612, Revised Statutes Supplement, 2017, are repealed.

Sec. 10. Since an emergency exists, this act takes effect when passed and approved according to law.