

AMENDMENTS TO LB1103

Introduced by Briese, 41.

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

3 Section 1. Sections 1 to 8 of this act shall be known and may be
4 cited as the Property Tax Request Limitation Act. The Property Tax
5 Request Limitation Act shall terminate on January 1, 2021.

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

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

10 (2) Average daily membership has the same meaning as in section
11 79-1003;

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

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

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

21 (6) Non-property-tax revenue means revenue of a school district from
22 all sources except real and personal property taxes and special grant
23 funds as defined in section 79-1003. Non-property-tax revenue includes,
24 but is not limited to, revenue from all state sources except
25 reimbursements for special education programs and support services
26 pursuant to sections 79-1129, 79-1132, and 79-1144;

27 (7) Property tax request means the amount of property taxes

1 requested by a school district pursuant to section 77-1601.02;

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

5 (9) School board has the same meaning as in section 79-101;

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

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

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

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

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

18 (i) The base growth percentage;

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

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

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

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

29 (i) Decreased by an amount equal to the amount by which total non-
30 property-tax revenue for the current year exceeds the total non-property-
31 tax revenue for the prior year. In determining the total non-property-tax

1 revenue for the current year, any category of non-property-tax revenue
2 for which there is insufficient data as of August 1 to make an accurate
3 determination shall be deemed to be equal to the prior year's amount; or

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

11 (3) For the year 2019 only, when comparing the total non-property-
12 tax revenue for the current year to the total non-property-tax revenue
13 for the prior year under subdivision (2)(b) of this section, any increase
14 in equalization aid for the current year shall be subtracted from the
15 total non-property-tax revenue for the current year.

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

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

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

1 board or the petition of the legal voters shall include the amount by
2 which the school board would increase its property tax request for the
3 year over and above the property tax request authority of such school
4 district. The county clerk or election commissioner shall call for a
5 special election on the issue within thirty days after the receipt of
6 such school board recommendation or legal voter petition. The election
7 shall be held pursuant to the Election Act, and all costs shall be paid
8 by the school board.

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

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

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

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

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

23 (3) A school district's property tax request may exceed its property
24 tax request authority pursuant to any property tax authority approved by
25 the voters at a levy override election prior to January 1, 2019, pursuant
26 to section 77-3444.

27 Sec. 6. A school district may choose not to increase its property
28 tax request by the full amount allowed by the school district's property
29 tax request authority in a particular year. In such cases, the school
30 district may carry forward to future years the amount of unused property
31 tax request authority. The school board shall calculate its unused

1 property tax request authority and submit an accounting of such amount to
2 the department on forms prescribed by the department. Such unused
3 property tax request authority may then be used in later years for
4 increases in the school district's property tax request.

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

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

23 Sec. 9. Section 77-202, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 77-202 (1) The following property shall be exempt from property
26 taxes:

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

30 (i) Property of the state and its governmental subdivisions means
31 (A) property held in fee title by the state or a governmental subdivision

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

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

31 (b) Unleased property of the state or its governmental subdivisions

1 which is not being used or developed for use for a public purpose but
2 upon which a payment in lieu of taxes is paid for public safety, rescue,
3 and emergency services and road or street construction or maintenance
4 services to all governmental units providing such services to the
5 property. Except as provided in Article VIII, section 11, of the
6 Constitution of Nebraska, the payment in lieu of taxes shall be based on
7 the proportionate share of the cost of providing public safety, rescue,
8 or emergency services and road or street construction or maintenance
9 services unless a general policy is adopted by the governing body of the
10 governmental subdivision providing such services which provides for a
11 different method of determining the amount of the payment in lieu of
12 taxes. The governing body may adopt a general policy by ordinance or
13 resolution for determining the amount of payment in lieu of taxes by
14 majority vote after a hearing on the ordinance or resolution. Such
15 ordinance or resolution shall nevertheless result in an equitable
16 contribution for the cost of providing such services to the exempt
17 property;

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

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

1 students through services relating to the origination, processing, or
2 guarantying of federally reinsured student loans for higher education or
3 (B) a museum or historical society operated exclusively for the benefit
4 and education of the public. For purposes of this subdivision, charitable
5 organization includes an organization operated exclusively for the
6 purpose of the mental, social, or physical benefit of the public or an
7 indefinite number of persons and a fraternal benefit society organized
8 and licensed under sections 44-1072 to 44-10,109; and

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

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

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

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

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

31 (6) Any personal property exempt pursuant to subsection (2) of

1 section 77-4105 or section 77-5209.02 shall be exempt from the personal
2 property tax.

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

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

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

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

1 equipment, and other organized assembly of hardware or software that are
2 designed to centralize the storage, management, or dissemination of data
3 and information, environmentally controlled structures or facilities or
4 interrelated structures or facilities that provide the infrastructure for
5 housing the equipment, such as raised flooring, electricity supply,
6 communication and data lines, Internet access, cooling, security, and
7 fire suppression, and any building housing the foregoing.

8 (11) For each person who owns property required to be reported to
9 the county assessor under section 77-1201, there shall be allowed, for
10 tax years prior to tax year 2019, an exemption amount as provided in the
11 Personal Property Tax Relief Act. For each person who owns property
12 required to be valued by the state as provided in section 77-601, 77-682,
13 77-801, or 77-1248, there shall be allowed, for tax years prior to tax
14 year 2019, a compensating exemption factor as provided in the Personal
15 Property Tax Relief Act.

16 Sec. 10. Section 77-693, Revised Statutes Cumulative Supplement,
17 2016, is amended to read:

18 77-693 (1) The Property Tax Administrator in determining the taxable
19 value of railroads and car lines shall determine the following ratios
20 involving railroad and car line property and commercial and industrial
21 property:

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

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

30 (c) The ratio of the taxable value of railroad personal property to
31 the market value of railroad personal property. The numerator of the

1 ratio shall be the taxable value of railroad personal property. The
2 denominator of the ratio shall be the railroad system value allocated to
3 Nebraska and multiplied by a factor representing the net book value of
4 rail transportation personal property divided by the net book value of
5 total rail transportation property;

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

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

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

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

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

31 Sec. 11. Section 77-801, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 77-801 (1) All public service entities shall, on or before April 15
3 of each year, furnish a statement specifying such information as may be
4 required by the Property Tax Administrator on forms prescribed by the Tax
5 Commissioner to determine and distribute the entity's total taxable value
6 including the franchise value. All information reported by the public
7 service entities, not available from any other public source, and any
8 memorandum thereof shall be confidential and available to taxing
9 officials only. For good cause shown, the Property Tax Administrator may
10 allow an extension of time in which to file such statement. Such
11 extension shall not exceed fifteen days after April 15.

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

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

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

28 Sec. 12. Section 77-1238, Revised Statutes Cumulative Supplement,
29 2016, is amended to read:

30 77-1238 (1) For tax years prior to tax year 2019, every Every person
31 who is required to list his or her taxable tangible personal property as

1 defined in section 77-105, as required under section 77-1229, shall
2 receive an exemption from taxation for the first ten thousand dollars of
3 valuation of his or her tangible personal property in each tax district
4 as defined in section 77-127 in which a personal property return is
5 required to be filed. Failure to report tangible personal property on the
6 personal property return required by section 77-1229 shall result in a
7 forfeiture of the exemption for any tangible personal property not timely
8 reported for that year.

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

23 Sec. 13. Section 77-1248, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 77-1248 (1) The Property Tax Administrator shall ascertain from the
26 reports made and from any other information obtained by him or her the
27 taxable value of the flight equipment of air carriers and the proportion
28 allocated to this state for the purposes of taxation as provided in
29 section 77-1245.

30 (2)(a) In determining the taxable value of the flight equipment of
31 air carriers pursuant to subsection (1) of this section, the Property Tax

1 Administrator shall determine the following ratios:

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

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

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

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

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

23 Sec. 14. Section 77-2602, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 77-2602 (1) Every stamping agent engaged in distributing or selling
26 cigarettes at wholesale in this state shall pay to the Tax Commissioner
27 of this state a special privilege tax. This shall be in addition to all
28 other taxes. It shall be paid prior to or at the time of the sale, gift,
29 or delivery to the retail dealer in the several amounts as follows: On
30 each package of cigarettes containing not more than twenty cigarettes,
31 two dollars and fourteen ~~sixty-four~~ cents per package; and on packages

1 containing more than twenty cigarettes, the same tax as provided on
2 packages containing not more than twenty cigarettes for the first twenty
3 cigarettes in each package and a tax of one-twentieth of the tax on the
4 first twenty cigarettes on each cigarette in excess of twenty cigarettes
5 in each package.

6 (2) Beginning October 1, 2004, through December 31, 2018, the State
7 Treasurer shall place the equivalent of forty-nine cents of such tax in
8 the General Fund. Beginning January 1, 2019, the State Treasurer shall
9 place the equivalent of one dollar and ninety-nine cents of such tax in
10 the General Fund. The State Treasurer shall reduce the amount placed in
11 the General Fund under this subsection by the amount prescribed in
12 subdivision (3)(d) of this section. For purposes of this section, the
13 equivalent of a specified amount ~~number of cents~~ of the tax shall mean
14 that portion of the proceeds of the tax equal to the specified amount
15 ~~number~~ divided by the tax rate per package of cigarettes containing not
16 more than twenty cigarettes.

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

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

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

1 distributed under this subdivision to the FY1997-98 amount shall reduce
2 the distribution to the General Fund;

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

11 (d) Fourth, until July 1, 2009, the State Treasurer shall place in
12 the Municipal Infrastructure Redevelopment Fund the sum of five hundred
13 twenty thousand dollars each fiscal year to carry out the Municipal
14 Infrastructure Redevelopment Fund Act. The Legislature shall appropriate
15 the sum of five hundred twenty thousand dollars each year for fiscal year
16 2003-04 through fiscal year 2008-09;

17 (e) Fifth, beginning July 1, 2001, and continuing until June 30,
18 2008, the State Treasurer shall place the equivalent of two cents of such
19 tax in the Information Technology Infrastructure Fund. The distribution
20 under this subdivision shall not be less than two million fifty thousand
21 dollars. Any money needed to increase the amount distributed under this
22 subdivision to two million fifty thousand dollars shall reduce the
23 distribution to the General Fund;

24 (f) Sixth, beginning July 1, 2001, and continuing until June 30,
25 2016, the State Treasurer shall place one million dollars each fiscal
26 year in the City of the Primary Class Development Fund. If necessary, the
27 State Treasurer shall reduce the distribution of tax proceeds to the
28 General Fund pursuant to subsection (2) of this section by such amount
29 required to fulfill the one million dollars to be distributed pursuant to
30 this subdivision;

31 (g) Seventh, beginning July 1, 2001, and continuing until June 30,

1 2016, the State Treasurer shall place one million five hundred thousand
2 dollars each fiscal year in the City of the Metropolitan Class
3 Development Fund. If necessary, the State Treasurer shall reduce the
4 distribution of tax proceeds to the General Fund pursuant to subsection
5 (2) of this section by such amount required to fulfill the one million
6 five hundred thousand dollars to be distributed pursuant to this
7 subdivision;

8 (h) Eighth, beginning July 1, 2008, and continuing until June 30,
9 2009, the State Treasurer shall place the equivalent of two million fifty
10 thousand dollars of such tax in the Nebraska Public Safety Communication
11 System Cash Fund. Beginning July 1, 2009, and continuing until June 30,
12 2016, the State Treasurer shall place the equivalent of two million five
13 hundred seventy thousand dollars of such tax in the Nebraska Public
14 Safety Communication System Cash Fund. Beginning July 1, 2016, and every
15 fiscal year thereafter, the State Treasurer shall place the equivalent of
16 three million eight hundred twenty thousand dollars of such tax in the
17 Nebraska Public Safety Communication System Cash Fund. If necessary, the
18 State Treasurer shall reduce the distribution of tax proceeds to the
19 General Fund pursuant to subsection (2) of this section by such amount
20 required to fulfill the distribution pursuant to this subdivision; and

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

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

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

26 Sec. 15. Section 77-2701, Revised Statutes Supplement, 2017, is
27 amended to read:

28 77-2701 Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235,
29 77-27,236, and 77-27,238 and section 16 of this act shall be known and
30 may be cited as the Nebraska Revenue Act of 1967.

31 Sec. 16. (1) For taxable years beginning or deemed to begin on or

1 after January 1, 2019, under the Internal Revenue Code of 1986, as
2 amended, there is hereby imposed a surtax upon any individual who:

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

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

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

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

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

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

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

20 Sec. 17. Section 77-2701.02, Reissue Revised Statutes of Nebraska,
21 is amended to read:

22 77-2701.02 Pursuant to section 77-2715.01:

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

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

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

31 (4) Commencing on the start of the first calendar quarter after July

1 20, 2002, and until October 1, 2018, the rate of the sales tax levied
2 pursuant to section 77-2703 shall be five and one-half percent; and -
3 (5) Commencing October 1, 2018, the rate of the sales tax levied
4 pursuant to section 77-2703 shall be six and one-half percent.

5 Sec. 18. Section 77-2715, Revised Statutes Cumulative Supplement,
6 2016, is amended to read:

7 77-2715 (1) A tax is hereby imposed for each taxable year on the
8 entire income of every resident individual and on the income of every
9 nonresident individual and partial-year resident individual which is
10 derived from sources within this state, except that any individual who
11 has additions to adjusted gross income pursuant to section 77-2716 of
12 less than five thousand dollars shall not have an individual income tax
13 liability after nonrefundable credits under the Nebraska Revenue Act of
14 1967 that exceeds his or her individual income tax liability before
15 credits under the Internal Revenue Code of 1986.

16 (2)(a) For taxable years beginning or deemed to begin before January
17 1, 2014, the tax for each resident individual shall be a percentage of
18 such individual's federal adjusted gross income as modified in sections
19 77-2716 and 77-2716.01, plus a percentage of the federal alternative
20 minimum tax and the federal tax on premature or lump-sum distributions
21 from qualified retirement plans. The additional taxes shall be recomputed
22 by (i) substituting Nebraska taxable income for federal taxable income,
23 (ii) calculating what the federal alternative minimum tax would be on
24 Nebraska taxable income and adjusting such calculations for any items
25 which are reflected differently in the determination of federal taxable
26 income, and (iii) applying Nebraska rates to the result. The federal
27 credit for prior year minimum tax, after the recomputations required by
28 the act, shall be allowed as a reduction in the income tax due.

29 (b) For taxable years beginning or deemed to begin on or after
30 January 1, 2014, and before January 1, 2019, the tax for each resident
31 individual shall be a percentage of such individual's federal adjusted

1 gross income as modified in sections 77-2716 and 77-2716.01, plus a
2 percentage of the federal tax on premature or lump-sum distributions from
3 qualified retirement plans. The additional taxes shall be recomputed by
4 substituting Nebraska taxable income for federal taxable income and
5 applying Nebraska rates to the result.

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

20 (3) The tax for each nonresident individual and partial-year
21 resident individual shall be the portion of the tax imposed on resident
22 individuals which is attributable to the income derived from sources
23 within this state. The tax which is attributable to income derived from
24 sources within this state shall be determined by subtracting from the
25 liability to this state for a resident individual with the same total
26 income the credit for personal exemptions and multiplying the result by a
27 fraction, the numerator of which is the nonresident individual's or
28 partial-year resident individual's Nebraska adjusted gross income as
29 determined by section 77-2733 or 77-2733.01 and the denominator of which
30 is his or her total federal adjusted gross income, after first adjusting
31 each by the amounts provided in section 77-2716. If this determination

1 attributes more or less tax than is reasonably attributable to income
2 derived from sources within this state, the taxpayer may petition for or
3 the Tax Commissioner may require the employment of any other method to
4 attribute an amount of tax which is reasonable and equitable in the
5 circumstances.

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

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

13 Sec. 19. Section 77-2715.07, Revised Statutes Cumulative Supplement,
14 2016, is amended to read:

15 77-2715.07 (1) There shall be allowed to qualified resident
16 individuals as a nonrefundable credit against the income tax imposed by
17 the Nebraska Revenue Act of 1967:

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

20 (b) A credit for taxes paid to another state as provided in section
21 77-2730.

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

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

1 pursuant to such section in determining eligibility for the federal
2 credit;

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

18 (c) A refundable credit as provided in section 77-5209.01 for
19 individuals who qualify for an income tax credit as a qualified beginning
20 farmer or livestock producer under the Beginning Farmer Tax Credit Act
21 for all taxable years beginning or deemed to begin on or after January 1,
22 2006, under the Internal Revenue Code of 1986, as amended;

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

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

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

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

4 (ii) ~~For except that~~ for taxable years beginning or deemed to begin
5 on or after January 1, 2015, the such refundable credit provided in
6 subdivision (2)(e)(i) of this section shall be allowed only if the
7 individual would have received the federal credit allowed under section
8 32 of the code after adding back in any carryforward of a net operating
9 loss that was deducted pursuant to such section in determining
10 eligibility for the federal credit.

11 (3) There shall be allowed to all individuals as a nonrefundable
12 credit against the income tax imposed by the Nebraska Revenue Act of
13 1967:

14 (a) A credit for personal exemptions allowed under section
15 77-2716.01;

16 (b) A credit for contributions to certified community betterment
17 programs as provided in the Community Development Assistance Act. Each
18 partner, each shareholder of an electing subchapter S corporation, each
19 beneficiary of an estate or trust, or each member of a limited liability
20 company shall report his or her share of the credit in the same manner
21 and proportion as he or she reports the partnership, subchapter S
22 corporation, estate, trust, or limited liability company income;

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

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

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

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

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

31 (4) There shall be allowed as a credit against the income tax

1 imposed by the Nebraska Revenue Act of 1967:

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

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

7 (c) A refundable credit for individuals who qualify for an income
8 tax credit as an owner of agricultural assets under the Beginning Farmer
9 Tax Credit Act for all taxable years beginning or deemed to begin on or
10 after January 1, 2009, under the Internal Revenue Code of 1986, as
11 amended. The credit allowed for each partner, shareholder, member, or
12 beneficiary of a partnership, corporation, limited liability company, or
13 estate or trust qualifying for an income tax credit as an owner of
14 agricultural assets under the Beginning Farmer Tax Credit Act shall be
15 equal to the partner's, shareholder's, member's, or beneficiary's portion
16 of the amount of tax credit distributed pursuant to subsection (4) of
17 section 77-5211.

18 (5)(a) For all taxable years beginning on or after January 1, 2007,
19 and before January 1, 2009, under the Internal Revenue Code of 1986, as
20 amended, there shall be allowed to each partner, shareholder, member, or
21 beneficiary of a partnership, subchapter S corporation, limited liability
22 company, or estate or trust a nonrefundable credit against the income tax
23 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
24 partner's, shareholder's, member's, or beneficiary's portion of the
25 amount of franchise tax paid to the state under sections 77-3801 to
26 77-3807 by a financial institution.

27 (b) For all taxable years beginning on or after January 1, 2009,
28 under the Internal Revenue Code of 1986, as amended, there shall be
29 allowed to each partner, shareholder, member, or beneficiary of a
30 partnership, subchapter S corporation, limited liability company, or
31 estate or trust a nonrefundable credit against the income tax imposed by

1 the Nebraska Revenue Act of 1967 equal to the partner's, shareholder's,
2 member's, or beneficiary's portion of the amount of franchise tax paid to
3 the state under sections 77-3801 to 77-3807 by a financial institution.

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

10 (6) There shall be allowed to all individuals nonrefundable credits
11 against the income tax imposed by the Nebraska Revenue Act of 1967 as
12 provided in section 77-3604 and refundable credits against the income tax
13 imposed by the Nebraska Revenue Act of 1967 as provided in section
14 77-3605.

15 Sec. 20. Section 77-2717, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

17 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin
18 before January 1, 2014, the tax imposed on all resident estates and
19 trusts shall be a percentage of the federal taxable income of such
20 estates and trusts as modified in section 77-2716, plus a percentage of
21 the federal alternative minimum tax and the federal tax on premature or
22 lump-sum distributions from qualified retirement plans. The additional
23 taxes shall be recomputed by (A) substituting Nebraska taxable income for
24 federal taxable income, (B) calculating what the federal alternative
25 minimum tax would be on Nebraska taxable income and adjusting such
26 calculations for any items which are reflected differently in the
27 determination of federal taxable income, and (C) applying Nebraska rates
28 to the result. The federal credit for prior year minimum tax, after the
29 recomputations required by the Nebraska Revenue Act of 1967, and the
30 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act
31 and the Nebraska Advantage Research and Development Act shall be allowed

1 as a reduction in the income tax due. A refundable income tax credit
2 shall be allowed for all resident estates and trusts under the Angel
3 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax
4 Credit Act, and the Nebraska Advantage Research and Development Act. A
5 nonrefundable income tax credit shall be allowed for all resident estates
6 and trusts as provided in the New Markets Job Growth Investment Act.

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

25 (iii) For taxable years beginning or deemed to begin on or after
26 January 1, 2019, the tax imposed on all resident estates and trusts shall
27 be a percentage of the federal taxable income of such estates and trusts
28 as modified in section 77-2716, plus a percentage of the federal
29 alternative minimum tax and the federal tax on premature or lump-sum
30 distributions from qualified retirement plans. The additional taxes shall
31 be recomputed by (A) substituting Nebraska taxable income for federal

1 taxable income, (B) calculating what the federal alternative minimum tax
2 would be on Nebraska taxable income and adjusting such calculations for
3 any items which are reflected differently in the determination of federal
4 taxable income, and (C) applying Nebraska rates to the result. The
5 federal credit for prior year minimum tax, after the recomputations
6 required by the Nebraska Revenue Act of 1967, shall be allowed as a
7 reduction in the income tax due. A refundable income tax credit shall be
8 allowed for all resident estates and trusts under the Angel Investment
9 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,
10 and the Nebraska Advantage Research and Development Act. A nonrefundable
11 income tax credit shall be allowed for all resident estates and trusts as
12 provided in the Nebraska Job Creation and Mainstreet Revitalization Act,
13 the New Markets Job Growth Investment Act, the School Readiness Tax
14 Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.

15 (b) The tax imposed on all nonresident estates and trusts shall be
16 the portion of the tax imposed on resident estates and trusts which is
17 attributable to the income derived from sources within this state. The
18 tax which is attributable to income derived from sources within this
19 state shall be determined by multiplying the liability to this state for
20 a resident estate or trust with the same total income by a fraction, the
21 numerator of which is the nonresident estate's or trust's Nebraska income
22 as determined by sections 77-2724 and 77-2725 and the denominator of
23 which is its total federal income after first adjusting each by the
24 amounts provided in section 77-2716. The federal credit for prior year
25 minimum tax, after the recomputations required by the Nebraska Revenue
26 Act of 1967, reduced by the percentage of the total income which is
27 attributable to income from sources outside this state, and the credits
28 provided in the Nebraska Advantage Microenterprise Tax Credit Act and the
29 Nebraska Advantage Research and Development Act shall be allowed as a
30 reduction in the income tax due. A refundable income tax credit shall be
31 allowed for all nonresident estates and trusts under the Angel Investment

1 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,
2 and the Nebraska Advantage Research and Development Act. A nonrefundable
3 income tax credit shall be allowed for all nonresident estates and trusts
4 as provided in the Nebraska Job Creation and Mainstreet Revitalization
5 Act, the New Markets Job Growth Investment Act, the School Readiness Tax
6 Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.

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

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

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

19 (5) In the absence of the nonresident beneficiary's executed
20 agreement being attached to the Nebraska fiduciary return, the estate or
21 trust shall remit a portion of such beneficiary's income which was
22 derived from or attributable to Nebraska sources with its Nebraska return
23 for the taxable year. For taxable years beginning or deemed to begin
24 before January 1, 2013, the amount of remittance, in such instance, shall
25 be the highest individual income tax rate determined under section
26 77-2715.02 multiplied by the nonresident beneficiary's share of the
27 estate or trust income which was derived from or attributable to sources
28 within this state. For taxable years beginning or deemed to begin on or
29 after January 1, 2013, the amount of remittance, in such instance, shall
30 be the highest individual income tax rate determined under section
31 77-2715.03 multiplied by the nonresident beneficiary's share of the

1 estate or trust income which was derived from or attributable to sources
2 within this state. The amount remitted shall be allowed as a credit
3 against the Nebraska income tax liability of the beneficiary.

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

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

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

24 Sec. 21. Section 77-27,132, Revised Statutes Supplement, 2017, is
25 amended to read:

26 77-27,132 (1) There is hereby created a fund to be designated the
27 Revenue Distribution Fund which shall be set apart and maintained by the
28 Tax Commissioner. Revenue not required to be credited to the General Fund
29 or any other specified fund may be credited to the Revenue Distribution
30 Fund. Credits and refunds of such revenue shall be paid from the Revenue
31 Distribution Fund. The balance of the amount credited, after credits and

1 refunds, shall be allocated as provided by the statutes creating such
2 revenue.

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

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

15 (b) Credit to the Highway Trust Fund all of the proceeds of the
16 sales and use taxes derived from the sale or lease for periods of more
17 than thirty-one days of motor vehicles, trailers, and semitrailers,
18 except that the proceeds equal to any sales tax rate provided for in
19 section 77-2701.02 that is in excess of six ~~five~~ percent derived from the
20 sale or lease for periods of more than thirty-one days of motor vehicles,
21 trailers, and semitrailers shall be credited to the Highway Allocation
22 Fund;

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

29 (d) Of the proceeds of the sales and use taxes derived from
30 transactions other than those listed in subdivisions (2)(a) and (b) of
31 this section, credit to the Property Tax Credit Cash Fund the amount

1 certified under section 77-27,237, if any such certification is made.

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

4 Sec. 22. Section 77-3446, Revised Statutes Supplement, 2017, is
5 amended to read:

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

16 Sec. 23. Section 77-4212, Revised Statutes Supplement, 2017, is
17 amended to read:

18 77-4212 (1)(a) ~~(1)~~ For tax year 2007, the amount of relief granted
19 under the Property Tax Credit Act shall be one hundred five million
20 dollars.

21 (b) For tax year 2008, the amount of relief granted under the act
22 shall be one hundred fifteen million dollars.

23 (c) It is the intent of the Legislature to fund the Property Tax
24 Credit Act for tax years after tax year 2008 using available revenue.

25 (d) For tax ~~years~~ year 2017 and 2018, the amount of relief granted
26 under the act shall be two hundred twenty-four million dollars.

27 (e) For tax year 2019 and each tax year thereafter, the amount of
28 relief granted under the act shall be two hundred twenty-four million
29 dollars plus, for the fiscal year ending during such tax year, any net
30 increase in state revenue received due to the changes made by this
31 legislative bill minus the increase in state funds paid to school

1 districts due to the changes made by this legislative bill, minus the
2 increase in the refundable credit claimed by qualified resident
3 individuals pursuant to subdivision (2)(e) of section 77-2715.07 due to
4 the changes made by this legislative bill, and minus, for tax year 2020
5 only, two hundred thousand dollars to account for the money spent on the
6 education study required in section 35 of this act. Such net increase
7 shall be calculated annually by the Tax Commissioner and if the result is
8 less than zero, the net increase shall be deemed to equal zero.

9 (f) The relief shall be in the form of a property tax credit which
10 appears on the property tax statement.

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

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

23 (3) If the real property owner qualifies for a homestead exemption
24 under sections 77-3501 to 77-3529, the owner shall also be qualified for
25 the relief provided in the act to the extent of any remaining liability
26 after calculation of the relief provided by the homestead exemption. If
27 the credit results in a property tax liability on the homestead that is
28 less than zero, the amount of the credit which cannot be used by the
29 taxpayer shall be returned to the State Treasurer by July 1 of the year
30 the amount disbursed to the county was disbursed. The State Treasurer
31 shall immediately credit any funds returned under this subsection to the

1 Property Tax Credit Cash Fund. Upon the return of any funds under this
2 subsection, the county treasurer shall electronically file a report with
3 the Property Tax Administrator, on a form prescribed by the Tax
4 Commissioner, indicating the amount of funds distributed to each taxing
5 unit in the county in the year the funds were returned, any collection
6 fee retained by the county in such year, and the amount of unused credits
7 returned.

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

23 (b) Beginning with tax year 2017, the amount disbursed to each
24 county shall be equal to the amount available for disbursement determined
25 under subsection (1) of this section multiplied by the ratio of the
26 credit allocation valuation in the county to the credit allocation
27 valuation in the state. By September 15, the Property Tax Administrator
28 shall determine the amount to be disbursed under this subdivision to each
29 county and certify such amounts to the State Treasurer and to each
30 county. The disbursements to the counties shall occur in two equal
31 payments, the first on or before January 31 and the second on or before

1 April 1. After retaining one percent of the receipts for costs, the
2 county treasurer shall allocate the remaining receipts to each taxing
3 unit based on its share of the credits granted to all taxpayers in the
4 taxing unit.

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

12 (6) The State Treasurer shall transfer from the General Fund to the
13 Property Tax Credit Cash Fund one hundred five million dollars by August
14 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

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

17 Sec. 24. Section 79-1005.01, Revised Statutes Cumulative Supplement,
18 2016, is amended to read:

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

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

1 adjustments shall not increase the amount available to local systems for
2 distribution as allocated income tax funds.

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

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

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

23 Sec. 25. Section 79-1009, Revised Statutes Supplement, 2017, is
24 amended to read:

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

1 community, open enrollment students were actually enrolled for school
2 year 2016-17 pursuant to section 79-2110.

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

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

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

1 funding per formula student.

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

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

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

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

13 Sec. 26. Section 79-1015.01, Revised Statutes Supplement, 2017, is
14 amended to read:

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

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

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

16 Sec. 27. Section 79-1018.01, Revised Statutes Cumulative Supplement,
17 2016, is amended to read:

18 79-1018.01 Except as otherwise provided in this section, local
19 system formula resources include other actual receipts available for the
20 funding of general fund operating expenditures as determined by the
21 department for the second school fiscal year immediately preceding the
22 school fiscal year in which aid is to be paid. Other actual receipts
23 include:

24 (1) Public power district sales tax revenue;

25 (2) Fines and license fees;

26 (3) Tuition receipts from individuals, other districts, or any other
27 source except receipts derived from adult education, receipts derived
28 from summer school tuition, receipts derived from early childhood
29 education tuition, tuition receipts from converted contracts beginning
30 with the calculation of state aid to be distributed in school fiscal year
31 2011-12, and receipts from educational entities as defined in section

1 79-1201.01 for providing distance education courses through the
2 Educational Service Unit Coordinating Council to such educational
3 entities;

4 (4) Transportation receipts;

5 (5) Interest on investments;

6 (6) Other miscellaneous noncategorical local receipts, not including
7 receipts from private foundations, individuals, associations, or
8 charitable organizations;

9 (7) Special education receipts;

10 (8) Special education receipts and non-special education receipts
11 from the state for wards of the court and wards of the state;

12 (9) All receipts from the temporary school fund. Receipts from the
13 temporary school fund shall only include (a) receipts pursuant to section
14 79-1035 and (b) the receipt of funds pursuant to section 79-1036 for
15 property leased for a public purpose as set forth in subdivision (1)(a)
16 of section 77-202;

17 (10) Motor vehicle tax receipts received;

18 (11) Pro rata motor vehicle license fee receipts;

19 (12) Other miscellaneous state receipts excluding revenue from the
20 textbook loan program authorized by section 79-734 and property tax
21 relief allotments pursuant to section 34 of this act;

22 (13) Impact aid entitlements for the school fiscal year which have
23 actually been received by the district to the extent allowed by federal
24 law;

25 (14) All other noncategorical federal receipts;

26 (15) Receipts under the federal Medicare Catastrophic Coverage Act
27 of 1988, as such act existed on January 1, 2014, as authorized pursuant
28 to sections 43-2510 and 43-2511 for services to school-age children,
29 excluding amounts designated as reimbursement for costs associated with
30 the implementation and administration of the billing system pursuant to
31 section 43-2511;

1 (16) Receipts for accelerated or differentiated curriculum programs
2 pursuant to sections 79-1106 to 79-1108.03; and

3 (17) Revenue received from the nameplate capacity tax distributed
4 pursuant to section 77-6204.

5 Sec. 28. Section 79-1022, Revised Statutes Supplement, 2017, is
6 amended to read:

7 79-1022 (1) On or before May 1, 2018 ~~June 1, 2017~~, and on or before
8 March 1 of each year thereafter, for each ensuing fiscal year, the
9 department shall determine the amounts to be distributed to each local
10 system and each district for the ensuing school fiscal year pursuant to
11 the Tax Equity and Educational Opportunities Support Act and shall
12 certify the amounts to the Director of Administrative Services, the
13 Auditor of Public Accounts, each learning community for school fiscal
14 years prior to school fiscal year 2017-18, and each district. Except as
15 otherwise provided in this section, the amount to be distributed to each
16 district from the amount certified for a local system shall be
17 proportional based on the formula students attributed to each district in
18 the local system. ~~For school fiscal years prior to school fiscal year~~
19 ~~2017-18, the amount to be distributed to each district that is a member~~
20 ~~of a learning community from the amount certified for the local system~~
21 ~~shall be proportional based on the formula needs calculated for each~~
22 ~~district in the local system.~~ On or before May 1, 2018 ~~June 1, 2017~~, and
23 on or before March 1 of each year thereafter, for each ensuing fiscal
24 year, the department shall report the necessary funding level for the
25 ensuing school fiscal year to the Governor, the Appropriations Committee
26 of the Legislature, and the Education Committee of the Legislature. The
27 report submitted to the committees of the Legislature shall be submitted
28 electronically. Except as otherwise provided in this subsection,
29 certified state aid amounts, including adjustments pursuant to section
30 79-1065.02, shall be shown as budgeted non-property-tax receipts and
31 deducted prior to calculating the property tax request in the district's

1 general fund budget statement as provided to the Auditor of Public
2 Accounts pursuant to section 79-1024.

3 (2) Except as provided in this subsection, subsection (8) of section
4 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts
5 certified pursuant to subsection (1) of this section shall be distributed
6 in ten as nearly as possible equal payments on the last business day of
7 each month beginning in September of each ensuing school fiscal year and
8 ending in June of the following year, except that when a school district
9 is to receive a monthly payment of less than one thousand dollars, such
10 payment shall be one lump-sum payment on the last business day of
11 December during the ensuing school fiscal year.

12 Sec. 29. Section 79-1022.02, Revised Statutes Supplement, 2017, is
13 amended to read:

14 79-1022.02 Notwithstanding any other provision of law, any
15 certification of state aid pursuant to section 79-1022, certification of
16 budget authority pursuant to section 79-1023, and certification of
17 applicable allowable reserve percentages pursuant to section 79-1027
18 completed prior to the operative date of this section February 16, 2017,
19 for school fiscal year 2018-19 ~~2017-18~~ is null and void.

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

22 79-1023 (1) On or before May 1, 2018 ~~June 1, 2017,~~ and on or before
23 March 1 of each year thereafter, the department shall determine and
24 certify to each school district budget authority for the general fund
25 budget of expenditures for the ensuing school fiscal year. On or before
26 May 1, 2018, the department shall redetermine and recertify to each
27 school district budget authority for the general fund budget of
28 expenditures for the 2017-18 school fiscal year.

29 (2) Except as provided in sections 79-1028.01, 79-1029, 79-1030, and
30 81-829.51, each school district shall have budget authority for the
31 general fund budget of expenditures equal to the greater of (a) the

1 general fund budget of expenditures for the immediately preceding school
2 fiscal year minus exclusions pursuant to subsection (1) of section
3 79-1028.01 for such school fiscal year with the difference increased by
4 the basic allowable growth rate for the school fiscal year for which
5 budget authority is being calculated, (b) the general fund budget of
6 expenditures for the immediately preceding school fiscal year minus
7 exclusions pursuant to subsection (1) of section 79-1028.01 for such
8 school fiscal year with the difference increased by an amount equal to
9 any student growth adjustment calculated for the school fiscal year for
10 which budget authority is being calculated, or (c) one hundred ten
11 percent of formula need for the school fiscal year for which budget
12 authority is being calculated minus the special education budget of
13 expenditures as filed on the school district budget statement on or
14 before September 20 for the immediately preceding school fiscal year,
15 which special education budget of expenditures is increased by the basic
16 allowable growth rate for the school fiscal year for which budget
17 authority is being calculated.

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

24 Sec. 31. Section 79-1025, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 79-1025 (1) Except as otherwise provided in this section, the The
27 basic allowable growth rate for general fund expenditures other than
28 expenditures for special education shall be the base limitation
29 established under section 77-3446.

30 (2) For purposes of calculating the cost growth factor pursuant to
31 section 79-1007.10 for state aid calculated for school fiscal year

1 2018-19 and recalculating school district budget authority for the
2 general fund budget of expenditures pursuant to section 79-1023 for
3 school fiscal year 2017-18, the basic allowable growth rate for school
4 fiscal year 2017-18 is two and one-half percent.

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

10 Sec. 32. Section 79-1027, Revised Statutes Supplement, 2017, is
11 amended to read:

12 79-1027 No district shall adopt a budget, which includes total
13 requirements of depreciation funds, necessary employee benefit fund cash
14 reserves, and necessary general fund cash reserves, exceeding the
15 applicable allowable reserve percentages of total general fund budget of
16 expenditures as specified in the schedule set forth in this section.

| 17 | Average daily | Allowable |
|----|--------------------|------------|
| 18 | membership of | reserve |
| 19 | district | percentage |
| 20 | 0 - 471 | 45 |
| 21 | 471.01 - 3,044 | 35 |
| 22 | 3,044.01 - 10,000 | 25 |
| 23 | 10,000.01 and over | 20 |

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

28 Each district with combined necessary general fund cash reserves,
29 total requirements of depreciation funds, and necessary employee benefit
30 fund cash reserves less than the applicable allowable reserve percentage

1 specified in this section may, notwithstanding the district's applicable
2 allowable growth rate, increase its necessary general fund cash reserves
3 such that the total necessary general fund cash reserves, total
4 requirements of depreciation funds, and necessary employee benefit fund
5 cash reserves do not exceed such applicable allowable reserve percentage.

6 Sec. 33. Section 79-1031.01, Revised Statutes Supplement, 2017, is
7 amended to read:

8 79-1031.01 The Appropriations Committee of the Legislature shall
9 annually include the amount necessary to fund the state aid that will be
10 certified to school districts on or before May 1, 2018 ~~June 1, 2017~~, and
11 on or before March 1 of each year thereafter for each ensuing school
12 fiscal year in its recommendations to the Legislature to carry out the
13 requirements of the Tax Equity and Educational Opportunities Support Act.

14 Sec. 34. (1) On or before March 1, 2019, and on or before March 1
15 of each year thereafter, the State Department of Education shall
16 determine the property tax relief allotments to be distributed to each
17 school district for the ensuing school fiscal year pursuant to this
18 section and shall certify the amounts to the Director of Administrative
19 Services, the Auditor of Public Accounts, and each school district.

20 (2) On or before December 1, 2019, and on or before December 1 of
21 each year thereafter, the department shall distribute a property tax
22 relief allotment to each school district in an amount equal to five
23 hundred dollars multiplied by the formula students used in the
24 certification of state aid pursuant to the Tax Equity and Educational
25 Opportunities Support Act for such school district for the school fiscal
26 year in which the distribution is made.

27 (3) Property tax relief allotments certified pursuant to this
28 section shall be shown as budgeted non-property-tax receipts, deducted
29 prior to calculating the property tax request in the district's general
30 fund budget statement as provided to the Auditor of Public Accounts
31 pursuant to section 79-1024, and included in the calculation of non-

1 property-tax revenue under the Property Tax Request Limitation Act.

2 Sec. 35. (1) The State Department of Education shall oversee an in-
3 depth review of the financing of the public elementary and secondary
4 schools. The review shall include, but not be limited to:

5 (a) Examination of methods of financing public elementary and
6 secondary schools that would provide equitable educational opportunities
7 across the state and offer alternatives to a heavy reliance on property
8 tax;

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

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

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

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

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

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

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

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

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

28 Sec. 36. Section 79-1145, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 79-1145 (1) For each fiscal year prior to fiscal year 2014-15, the
31 aggregate amount of General Funds appropriated for special education

1 ~~programs and support services pursuant to sections 79-1129, 79-1132, and~~
2 ~~79-1144 shall not exceed the aggregate amount of General Funds~~
3 ~~appropriated pursuant to such sections for the previous fiscal year,~~
4 ~~increased by five percent.~~

5 (1) (2) For fiscal year 2014-15 and each fiscal year except fiscal
6 year 2019-20 thereafter, the aggregate amount of General Funds
7 appropriated for special education programs and support services pursuant
8 to sections 79-1129, 79-1132, and 79-1144 shall not exceed the aggregate
9 amount of General Funds appropriated pursuant to such sections for the
10 previous fiscal year, increased by ten percent. For purposes of this
11 section, for fiscal year 2016-17 the aggregate amount of General Funds
12 appropriated for special education programs and support services pursuant
13 to sections 79-1129, 79-1132, and 79-1144 for the previous fiscal year
14 shall be the net amount after any decrease required pursuant to section
15 43-2515.

16 (2) For fiscal year 2019-20, the aggregate amount of General Funds
17 appropriated for special education programs and support services pursuant
18 to sections 79-1129, 79-1132, and 79-1144 shall equal the aggregate
19 amount of General Funds appropriated pursuant to such sections for the
20 previous fiscal year, increased by two and one-half percent, plus eighty
21 million dollars.

22 Sec. 37. Sections 1, 2, 3, 4, 5, 6, 7, 8, 14, 15, 16, 18, 19, 20,
23 23, 27, 34, and 40 of this act become operative on January 1, 2019.
24 Sections 17, 21, and 39 of this act become operative on October 1, 2018.
25 The other sections of this act become operative on their effective date.

26 Sec. 38. Original sections 79-1025 and 79-1145, Reissue Revised
27 Statutes of Nebraska, sections 77-202, 77-693, 77-801, 77-1238, 77-1248,
28 and 79-1005.01, Revised Statutes Cumulative Supplement, 2016, and
29 sections 77-3446, 79-1009, 79-1015.01, 79-1022, 79-1022.02, 79-1023,
30 79-1027, and 79-1031.01, Revised Statutes Supplement, 2017, are repealed.

31 Sec. 39. Original section 77-2701.02, Reissue Revised Statutes of

1 Nebraska, and section 77-27,132, Revised Statutes Supplement, 2017, are
2 repealed.

3 Sec. 40. Original sections 77-2602, 77-2715, 77-2715.07, 77-2717,
4 and 79-1018.01, Revised Statutes Cumulative Supplement, 2016, and
5 sections 77-2701 and 77-4212, Revised Statutes Supplement, 2017, are
6 repealed.

7 Sec. 41. Since an emergency exists, this act takes effect when
8 passed and approved according to law.