

AMENDMENTS TO LB461

Introduced by Revenue.

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

3 Section 1. Sections 1 to 9 of this act shall be known and may be
4 cited as the Agricultural Valuation Fairness Act.

5 Sec. 2. Pursuant to Article VIII, section 1, subdivisions (4) and
6 (5), of the Constitution of Nebraska, the Legislature finds and declares
7 that:

8 (1) The agricultural industry is a vital part of the economy of this
9 state;

10 (2) The nature of the agricultural industry and commodity prices
11 affect the value of agricultural land and horticultural land;

12 (3) All agricultural land and horticultural land in Nebraska has an
13 actual value as defined in section 77-112 reflecting purposes or uses
14 other than agricultural or horticultural purposes or uses;

15 (4) Market influences to use agricultural land and horticultural
16 land for purposes other than agricultural or horticultural purposes are
17 present throughout the state and cause the prices paid for agricultural
18 land and horticultural land to exceed the value such land has for
19 agricultural or horticultural purposes;

20 (5) The best and most uniform way to exclude any value that
21 agricultural land and horticultural land has for purposes other than
22 agricultural or horticultural purposes is to rely on the income-producing
23 characteristics of the land; and

24 (6) Agricultural land and horticultural land should be assessed at
25 its agricultural-use value using an income approach that complies with
26 professionally accepted mass appraisal techniques.

27 Sec. 3. For purposes of the Agricultural Valuation Fairness Act:

1 (1) Agricultural land and horticultural land means a parcel of land,
2 excluding land associated with a building or enclosed structure located
3 on the parcel, which is primarily used for agricultural or horticultural
4 purposes, including wasteland lying in or adjacent to and in common
5 ownership or management with other agricultural land and horticultural
6 land;

7 (2) Agricultural or horticultural purposes means used for the
8 commercial production of any plant or animal product in a raw or
9 unprocessed state that is derived from the science and art of
10 agriculture, aquaculture, or horticulture. Agricultural or horticultural
11 purposes includes the following uses of land:

12 (a) Land retained or protected for future agricultural or
13 horticultural purposes under a conservation easement approved as required
14 by section 76-2,112 except when the parcel or a portion thereof is being
15 used for purposes other than agricultural or horticultural purposes; and

16 (b) Land enrolled in a federal or state program in which payments
17 are received for removing such land from agricultural or horticultural
18 production;

19 (3) Agricultural-use value means the value of land for agricultural
20 or horticultural purposes or uses without regard to the value of such
21 land for other purposes or uses as determined pursuant to the
22 Agricultural Valuation Fairness Act;

23 (4) Farm home site means land contiguous to a farm site which
24 includes an inhabitable residence and improvements used for residential
25 purposes and which is located outside of urban areas or outside a platted
26 and zoned subdivision; and

27 (5) Farm site means the portion of land contiguous to land actively
28 devoted to agriculture which includes improvements that are agricultural
29 or horticultural in nature, including any uninhabitable or unimproved
30 farm home site.

31 Sec. 4. (1) Agricultural land and horticultural land shall be a

1 separate and distinct class of real property for purposes of assessment.

2 (2) For assessments made on or after January 1, 2018, the assessed
3 value of agricultural land and horticultural land shall be determined as
4 follows:

5 (a) The assessed value of agricultural land and horticultural land
6 shall not be uniform and proportionate with all other real property, but
7 the assessed value shall be uniform and proportionate within the class of
8 agricultural land and horticultural land based on the income potential of
9 the land; and

10 (b) Agricultural land and horticultural land shall be valued at its
11 agricultural-use value as determined pursuant to the Agricultural
12 Valuation Fairness Act regardless of any value which such land might have
13 for purposes other than agricultural or horticultural purposes.

14 (3) The eligibility of land for agricultural-use value shall be
15 determined each year as of January 1. If land so qualified becomes
16 disqualified on or before December 31 of that year, it shall continue to
17 receive agricultural-use value until January 1 of the year following.

18 Sec. 5. (1) The county assessor shall use an income-approach
19 calculation to determine the agricultural-use value for each assessment
20 year beginning on or after January 1, 2018. The income-approach
21 calculation shall be consistent with the Agricultural Valuation Fairness
22 Act and any rules and regulations adopted and promulgated by the Tax
23 Commissioner and shall comply with professionally accepted mass appraisal
24 techniques.

25 (2) For purposes of assessing agricultural land and horticultural
26 land using the income approach, agricultural land and horticultural land
27 shall be divided into classes and subclasses of real property under
28 section 77-103.01, including, but not limited to, irrigated cropland,
29 dryland cropland, grassland used for grazing, grassland used for haying,
30 wasteland, nurseries, feedlots, and orchards, so that the categories
31 reflect uses appropriate for the valuation of such land according to law.

1 Classes shall be inventoried by subclasses of real property based on soil
2 classification standards developed by the Natural Resources Conservation
3 Service of the United States Department of Agriculture as converted into
4 land capability groups by the Property Tax Administrator. Nothing in this
5 section shall be construed to limit the classes and subclasses of real
6 property that may be used by county assessors or the Tax Equalization and
7 Review Commission to achieve more uniform and proportionate valuations.

8 Sec. 6. (1) The Agricultural Land Valuation Committee is created.
9 The committee's purpose shall be to develop income and expense estimates
10 for all agricultural land and horticultural land in Nebraska and
11 capitalization rates necessary to produce uniform and proportionate
12 assessed valuations. The committee shall meet at least six times per year
13 at the call of the chairperson. The committee shall consist of the
14 following five persons:

15 (a) The Tax Commissioner or a designee from his or her staff who
16 shall serve as the chairperson of the committee;

17 (b) A representative of the agricultural and horticultural industry
18 appointed by the Tax Commissioner. The appointment shall be based on
19 recommendations made by not less than three industry groups designated by
20 the Tax Commissioner;

21 (c) A county assessor appointed by the Tax Commissioner. The county
22 assessor shall be skilled in the valuation of agricultural land and
23 horticultural land and shall hold a certificate issued under section
24 77-422;

25 (d) An appraiser from the private sector appointed by the Tax
26 Commissioner. Such appraiser shall hold either a valid credential as a
27 certified general real property appraiser under the Real Property
28 Appraiser Act or an MAI designation from the Appraisal Institute; and

29 (e) A representative from the faculty of one of the research
30 universities in the state specializing in agricultural economics
31 appointed by the Tax Commissioner.

1 (2) The committee shall meet in November 2017 and each November
2 thereafter to establish income and capitalization rates for agricultural
3 land and horticultural land based on information available to the
4 committee from the United States Department of Agriculture, the
5 University of Nebraska Institute of Agriculture and Natural Resources,
6 the Nebraska Investment Finance Authority, the Department of Revenue, and
7 any other sources determined necessary by the committee. The Department
8 of Revenue shall electronically publish notice of such meeting no less
9 than thirty days in advance.

10 (3) Agricultural land and horticultural land shall be valued based
11 on the agricultural-use value, reflected in a capitalized income approach
12 developed pursuant to the Agricultural Valuation Fairness Act, using
13 professionally accepted mass appraisal techniques. The assessed values of
14 agricultural land and horticultural land shall be determined on the basis
15 of the land's value in use for agricultural or horticultural purposes by
16 capitalizing the net income by a rate that reflects the agricultural-use
17 value in the ordinary course of trade.

18 (4) Gross income shall be determined by multiplying the average
19 yield for each county by the prior year average commodity price for each
20 major crop type harvested in each county.

21 (5) For irrigated cropland, dryland cropland, and grassland used for
22 hay, the average yield information shall be determined based on the
23 eight prior years published by the United States Department of
24 Agriculture for those commodities appropriate for each land capability
25 group, with the highest and lowest yields for that period excluded. The
26 average commodity price shall be based on an average of the most recent
27 eight years, excluding the highest and lowest prices of that period.

28 (6) For grassland used for grazing, the average yield shall be based
29 on the carrying capacity in terms of animal-unit months and the current
30 rental value per animal-unit month for each land capability group.
31 Carrying capacity, by land capability group, shall be based on

1 productivity estimates published by the Natural Resources Conservation
2 Service of the United States Department of Agriculture or other state or
3 federal agencies as determined by the committee. Rental values per
4 animal-unit month shall be based on an average of the most recent eight
5 years, excluding the highest and lowest values of that period.

6 (7) The gross income shall be established as a dollar-per-acre value
7 by weighting the major crop types harvested in each county by the number
8 of acres harvested in the previous year. Such crops may include
9 continuous cropland wheat, summer fallow wheat, corn for grain, dry
10 beans, sorghum for grain, sugar beets, soybeans for beans, oats, and
11 alfalfa. Additional crop information appropriate for predominant crops in
12 a county or land capability group shall also be included when available.

13 (8) Land uses such as accretion land, wasteland, orchards,
14 vineyards, nurseries, and other agricultural land uses without sufficient
15 income information available shall be valued using a sales comparison
16 approach or other professionally accepted mass appraisal technique that
17 produces an assessment at sixty-five percent of its actual value for
18 agricultural or horticultural purposes.

19 (9) Expenses shall be determined by the committee to reflect average
20 expenses associated for each land use based on information from the
21 United States Department of Agriculture, the University of Nebraska
22 Institute of Agriculture and Natural Resources, landowner surveys made
23 available to the committee, or other sources that yield reliable
24 information. The committee may also use the typical landowner share,
25 which reflects the proportion of the gross receipts received by the
26 landowner in the normal course of farm operation, and typical leasing
27 arrangements as determined from surveys conducted by the Property Tax
28 Administrator or as published by other state or federal agencies.

29 Sec. 7. The Agricultural Land Valuation Committee shall determine
30 value for each land capability group in each county by dividing the
31 income determined for each parcel under section 6 of this act by a

1 capitalization rate established by the committee. The committee shall
2 establish the capitalization rates to be applied to each class or
3 subclass of agricultural land and horticultural land within each county.
4 The committee shall ensure that the capitalization rates established
5 under this section result in an aggregate agricultural-use value for the
6 class of agricultural land and horticultural land that is between fifty-
7 five and sixty-five percent of the actual value that the agricultural
8 land and horticultural land has for agricultural or horticultural
9 purposes. However, the aggregate agricultural-use value so established
10 shall not increase more than three and one-half percent from the prior
11 year. The committee shall issue a report of the values established for
12 each land capability group to each county assessor in Nebraska no later
13 than January 1 of each year.

14 Sec. 8. (1) The county assessor shall implement the values
15 determined by the Agricultural Land Valuation Committee under section 7
16 of this act. The resulting assessed values for the class of agricultural
17 land and horticultural land shall be reported on the abstract of real
18 property pursuant to section 77-1514.

19 (2) If a county assessor, based on the facts and circumstances,
20 believes that the values for a land capability group as determined by the
21 committee under sections 6 and 7 of this act result in values that are
22 not uniform and proportionate within the class of agricultural land and
23 horticultural land, the county assessor may petition the Tax
24 Commissioner, on or before February 1, for an alternative value to be
25 applied to that land capability group. The county assessor shall show
26 that the use of the committee's income as determined under section 6 of
27 this act or capitalization rate as determined under section 7 of this act
28 results in agricultural-use values that are not uniform and
29 proportionate. The Tax Commissioner shall issue a written order to the
30 county assessor no later than March 1.

31 (3) If the Property Tax Administrator, based on the facts and

1 circumstances, believes that any agricultural-use value as implemented by
2 the county assessor does not comply with the requirements of the
3 Agricultural Valuation Fairness Act, the Property Tax Administrator may
4 petition the Tax Commissioner, on or before April 1, for an order to
5 adjust the agricultural-use value to achieve compliance with the act. The
6 Tax Commissioner shall issue a written order to the Property Tax
7 Administrator no later than May 1.

8 (4) Upon receipt of a petition by either the county assessor or the
9 Property Tax Administrator under this section, the Tax Commissioner shall
10 set a date for hearing and shall give notice thereof to the county
11 assessor or Property Tax Administrator, as applicable. The hearing shall
12 be held at least five days following the mailing of such notice. At the
13 hearing, the county assessor, the Property Tax Administrator, or the
14 legal representative of the county assessor or Property Tax Administrator
15 may appear and show cause why the class or subclass of agricultural land
16 and horticultural land in the county should or should not be adjusted. At
17 the hearing, the Tax Commissioner may receive testimony from any
18 interested person. The Tax Commissioner's order may be appealed within
19 thirty days after the date of the order to the Tax Equalization and
20 Review Commission in accordance with section 77-5013.

21 (5) If, after the implementation of the orders described in
22 subsections (2) and (3) of this section, the Tax Commissioner finds that
23 the aggregate agricultural-use value of the entire class of agricultural
24 land and horticultural land either (a) is not between fifty-five and
25 sixty-five percent of the aggregate actual value that the agricultural
26 land and horticultural land has for agricultural or horticultural
27 purposes or (b) exceeds the prior year's aggregate agricultural-use value
28 of the entire class of agricultural land and horticultural land by more
29 than three and one-half percent, the Tax Commissioner shall issue an
30 order to each county in the state to uniformly adjust the capitalization
31 rate to comply with the requirements of section 7 of this act.

1 (6) On or before June 5 of each year, the county assessor of any
2 county adjusted by an order of the Tax Commissioner shall recertify the
3 county abstract of assessment to the Property Tax Administrator. The
4 Property Tax Administrator shall audit the records of the county assessor
5 to determine whether the orders were implemented.

6 Sec. 9. The Tax Commissioner may adopt and promulgate rules and
7 regulations as necessary to carry out the Agricultural Valuation Fairness
8 Act.

9 Sec. 10. Section 19-2428, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 19-2428 (1) Whenever the governing body of a city of the first or
12 second class or village creates an improvement district as specified in
13 section 19-2427 which includes land adjacent to such city or village and
14 such adjacent land is within an agricultural use zone and is used
15 exclusively for agricultural use, the owners of record title of such
16 adjacent land may apply for a deferral from special assessments pursuant
17 to sections 19-2428 to 19-2431.

18 (2) For purposes of sections 19-2428 to 19-2431:

19 (a) Agricultural use means the use of land as described in section 3
20 of this act 77-1359, so that incidental use of the land for
21 nonagricultural or nonhorticultural purposes shall not disqualify the
22 land; and

23 (b) Agricultural use zone means designation of any land
24 predominantly for agricultural or horticultural use by any political
25 subdivision pursuant to sections 19-924 to 19-933, Chapter 14, article 4,
26 Chapter 15, article 9, Chapter 16, article 9, Chapter 17, article 10, or
27 Chapter 23, article 1. The primary objective of the agricultural use
28 zoning shall be to preserve and protect agricultural activities and the
29 potential for the agricultural, horticultural, or open use of land. Uses
30 to be allowed on such lands include primarily agricultural-related or
31 horticultural-related uses, and nonagricultural or nonhorticultural

1 industrial, commercial, or residential uses allowed on such lands shall
2 be restricted so that they do not conflict with or detract from this
3 objective.

4 Sec. 11. Section 46-294.03, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 46-294.03 For purposes of assessment pursuant to the Agricultural
7 Valuation Fairness Act ~~sections 77-1343 to 77-1363~~, neither the temporary
8 transfer or change of an appropriation nor any resulting land-use changes
9 on the land to which the appropriation was appurtenant prior to the
10 transfer or change shall cause the land to be reclassified to a lower
11 value use or the valuation of the land to be reduced, but the land may be
12 reclassified to a higher value use and its valuation may be increased if
13 a higher value use is made of the land while the temporary transfer or
14 change is in effect. Land from which an appropriation has been
15 permanently transferred shall be classified and valued for tax purposes
16 in accordance with the use of the land after the transfer.

17 Sec. 12. Section 76-710.04, Revised Statutes Cumulative Supplement,
18 2016, is amended to read:

19 76-710.04 (1) A condemner may not take property through the use of
20 eminent domain under sections 76-704 to 76-724 if the taking is primarily
21 for an economic development purpose.

22 (2) For purposes of this section, economic development purpose means
23 taking property for subsequent use by a commercial for-profit enterprise
24 or to increase tax revenue, tax base, employment, or general economic
25 conditions.

26 (3) This section does not affect the use of eminent domain for:

27 (a) Public projects or private projects that make all or a major
28 portion of the property available for use by the general public or for
29 use as a right-of-way, aqueduct, pipeline, transmission line, or similar
30 use;

31 (b) Removing harmful uses of property if such uses constitute an

1 immediate threat to public health and safety;

2 (c) Leasing property to a private person who occupies an incidental
3 part of public property or a public facility, such as a retail
4 establishment on the ground floor of a public building;

5 (d) Acquiring abandoned property;

6 (e) Clearing defective property title;

7 (f) Taking private property for use by a utility or railroad;

8 (g) Taking private property based upon a finding of blighted or
9 substandard conditions under the Community Development Law if the private
10 property is not agricultural land and ~~or~~ horticultural land as defined in
11 section 3 of this act 77-1359; and

12 (h) Taking private property for a transmission line to serve a
13 privately developed facility generating electricity using wind, solar,
14 biomass, or landfill gas. Nothing in this subdivision shall be construed
15 to grant the power of eminent domain to a private entity.

16 Sec. 13. Section 77-103.01, Reissue Revised Statutes of Nebraska, is
17 amended to read:

18 77-103.01 Class or subclass of real property means a group of
19 properties that share one or more characteristics typically common to all
20 the properties in the class or subclass, but are not typically found in
21 the properties outside the class or subclass. Class or subclass includes,
22 but is not limited to, the classifications of agricultural land and ~~or~~
23 horticultural land listed in section 5 of this act 77-1363, parcel use,
24 parcel type, location, geographic characteristics, zoning, city size,
25 parcel size, land capability group, and market characteristics
26 appropriate for the valuation of such land. A class or subclass based on
27 market characteristics shall be based on characteristics that affect the
28 actual value in a different manner than it affects the actual value of
29 properties not within the market characteristic class or subclass.

30 Sec. 14. Section 77-201, Revised Statutes Cumulative Supplement,
31 2016, is amended to read:

1 77-201 (1) Except as provided in subsections (2) and (3) ~~through (4)~~
2 of this section, all real property in this state, not expressly exempt
3 therefrom, shall be subject to taxation and shall be valued at its actual
4 value.

5 (2) Agricultural land and horticultural land as defined in section 3
6 of this act 77-1359 shall constitute a separate and distinct class of
7 property for purposes of property taxation, shall be subject to taxation,
8 unless expressly exempt from taxation, and shall be valued at ~~seventy-~~
9 ~~five percent~~ of its agricultural-use actual value as provided in the
10 Agricultural Valuation Fairness Act.

11 ~~(3) Agricultural land and horticultural land actively devoted to~~
12 ~~agricultural or horticultural purposes which has value for purposes other~~
13 ~~than agricultural or horticultural uses and which meets the~~
14 ~~qualifications for special valuation under section 77-1344 shall~~
15 ~~constitute a separate and distinct class of property for purposes of~~
16 ~~property taxation, shall be subject to taxation, and shall be valued for~~
17 ~~taxation at seventy five percent of its special value as defined in~~
18 ~~section 77-1343.~~

19 (3) ~~(4)~~ Historically significant real property which meets the
20 qualifications for historic rehabilitation valuation under sections
21 77-1385 to 77-1394 shall be valued for taxation as provided in such
22 sections.

23 (4) ~~(5)~~ Tangible personal property, not including motor vehicles,
24 trailers, and semitrailers registered for operation on the highways of
25 this state, shall constitute a separate and distinct class of property
26 for purposes of property taxation, shall be subject to taxation, unless
27 expressly exempt from taxation, and shall be valued at its net book
28 value. Tangible personal property transferred as a gift or devise or as
29 part of a transaction which is not a purchase shall be subject to
30 taxation based upon the date the property was acquired by the previous
31 owner and at the previous owner's Nebraska adjusted basis. Tangible

1 personal property acquired as replacement property for converted property
2 shall be subject to taxation based upon the date the converted property
3 was acquired and at the Nebraska adjusted basis of the converted property
4 unless insurance proceeds are payable by reason of the conversion. For
5 purposes of this subsection, (a) converted property means tangible
6 personal property which is compulsorily or involuntarily converted as a
7 result of its destruction in whole or in part, theft, seizure,
8 requisition, or condemnation, or the threat or imminence thereof, and no
9 gain or loss is recognized for federal or state income tax purposes by
10 the holder of the property as a result of the conversion and (b)
11 replacement property means tangible personal property acquired within two
12 years after the close of the calendar year in which tangible personal
13 property was converted and which is, except for date of construction or
14 manufacture, substantially the same as the converted property.

15 Sec. 15. Section 77-1116, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

17 77-1116 (1) A qualified community development entity that seeks to
18 have an equity investment or long-term debt security designated as a
19 qualified equity investment and eligible for tax credits under the New
20 Markets Job Growth Investment Act shall apply to the Tax Commissioner.
21 There shall be no new applications for such designation filed under this
22 section after December 31, 2022.

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

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

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

31 (c) A certificate executed by an executive officer of the entity

1 attesting that the allocation agreement remains in effect and has not
2 been revoked or canceled by the Community Development Financial
3 Institutions Fund referred to in section 77-1109;

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

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

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

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

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

27 (4) If the application is deemed complete, the Tax Commissioner
28 shall certify the proposed equity investment or long-term debt security
29 as a qualified equity investment that is eligible for tax credits,
30 subject to the limitations contained in section 77-1115. The Tax
31 Commissioner shall provide written notice of the certification to the

1 qualified community development entity. The notice shall include the
2 names of those taxpayers who are eligible to utilize the credits and
3 their respective credit amounts. If the names of the taxpayers who are
4 eligible to utilize the credits change due to a transfer of a qualified
5 equity investment or a change in an allocation pursuant to section
6 77-1114, the qualified community development entity shall notify the Tax
7 Commissioner of such change.

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

17 (6) Once the Tax Commissioner has certified qualified equity
18 investments that, on a cumulative basis, are eligible for the maximum
19 limitation contained in section 77-1115, the Tax Commissioner may not
20 certify any more qualified equity investments for that fiscal year. If a
21 pending request cannot be fully certified, the Tax Commissioner shall
22 certify the portion that may be certified unless the qualified community
23 development entity elects to withdraw its request rather than receive
24 partial credit.

25 (7) Within thirty days after receiving notice of certification, the
26 qualified community development entity shall issue the qualified equity
27 investment and receive cash in the amount of the certified amount. The
28 qualified community development entity shall provide the Tax Commissioner
29 with evidence of the receipt of the cash investment within ten business
30 days after receipt. If the qualified community development entity does
31 not receive the cash investment and issue the qualified equity investment

1 within thirty days after receipt of the certification notice, the
2 certification shall lapse and the entity may not issue the qualified
3 equity investment without reapplying to the Tax Commissioner for
4 certification. A certification that lapses reverts back to the Tax
5 Commissioner and may be reissued only in accordance with the application
6 process outlined in this section.

7 (8) Effective July 1, 2017, through December 31, 2022, no new
8 applications shall be filed under the New Markets Job Growth Investment
9 Act.

10 Sec. 16. Section 77-1327, Revised Statutes Cumulative Supplement,
11 2016, is amended to read:

12 77-1327 (1) It is the intent of the Legislature that accurate and
13 comprehensive information be developed by the Property Tax Administrator
14 and made accessible to the taxing officials and property owners in order
15 to ensure the uniformity and proportionality of the assessments of real
16 property valuations in the state in accordance with law and to provide
17 the statistical and narrative reports pursuant to section 77-5027.

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

30 (3) The Property Tax Administrator annually shall make and issue
31 comprehensive assessment ratio studies of the average level of

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

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

24 (4) (5) County assessors and other taxing officials shall
25 electronically report data on the assessed valuation and other features
26 of the property assessment process for such periods and in such form and
27 content as the Property Tax Administrator shall deem appropriate. The
28 Property Tax Administrator shall so construct and maintain the system
29 used to collect and analyze the data to enable him or her to make
30 intracounty comparisons of assessed valuation, including school districts
31 and other political subdivisions, as well as intercounty comparisons of

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

5 Sec. 17. Section 77-1371, Revised Statutes Cumulative Supplement,
6 2016, is amended to read:

7 77-1371 Comparable sales are recent sales of properties that are
8 similar to the property being assessed in significant physical,
9 functional, and location characteristics and in their contribution to
10 value. When using comparable sales in determining actual value of an
11 individual property under the sales comparison approach provided in
12 section 77-112, the following guidelines shall be considered in
13 determining what constitutes a comparable sale:

14 (1) Whether the sale was financed by the seller and included any
15 special financing considerations or the value of improvements;

16 (2) Whether zoning affected the sale price of the property;

17 (3) For sales of agricultural land and ~~or~~ horticultural land as
18 defined in section 3 of this act ~~77-1359~~, whether a premium was paid to
19 acquire property. A premium may be paid when proximity or tax
20 consequences cause the buyer to pay more than actual value for
21 agricultural land and ~~or~~ horticultural land;

22 (4) Whether sales or transfers made in connection with foreclosure,
23 bankruptcy, or condemnations, in lieu of foreclosure, or in consideration
24 of other legal actions should be excluded from comparable sales analysis
25 as not reflecting current market value;

26 (5) Whether sales between family members within the third degree of
27 consanguinity include considerations that fail to reflect current market
28 value;

29 (6) Whether sales to or from federal or state agencies or local
30 political subdivisions reflect current market value;

31 (7) Whether sales of undivided interests in real property or parcels

1 less than forty acres or sales conveying only a portion of the unit
2 assessed reflect current market value;

3 (8) Whether sales or transfers of property in exchange for other
4 real estate, stocks, bonds, or other personal property reflect current
5 market value;

6 (9) Whether deeds recorded for transfers of convenience, transfers
7 of title to cemetery lots, mineral rights, and rights of easement reflect
8 current market value;

9 (10) Whether sales or transfers of property involving railroads or
10 other public utility corporations reflect current market value;

11 (11) Whether sales of property substantially improved subsequent to
12 assessment and prior to sale should be adjusted to reflect current market
13 value or eliminated from such analysis; and

14 ~~(12) For agricultural land or horticultural land as defined in~~
15 ~~section 77-1359 which is or has been receiving the special valuation~~
16 ~~pursuant to sections 77-1343 to 77-1347.01, whether the sale price~~
17 ~~reflects a value which the land has for purposes or uses other than as~~
18 ~~agricultural land or horticultural land and therefor does not reflect~~
19 ~~current market value of other agricultural land or horticultural land;~~

20 (12) ~~(13)~~ Whether sales or transfers of property are in a similar
21 market area and have similar characteristics to the property being
22 assessed. ~~;~~ and

23 ~~(14) For agricultural land and horticultural land as defined in~~
24 ~~section 77-1359 which is within a class or subclass of irrigated cropland~~
25 ~~pursuant to section 77-1363, whether the difference in well capacity or~~
26 ~~in water availability due to federal, state, or local regulatory actions~~
27 ~~or limited source affected the sale price of the property. If data on~~
28 ~~current well capacity or current water availability is not available from~~
29 ~~a federal, state, or local government entity, this subdivision shall not~~
30 ~~be used to determine what constitutes a comparable sale.~~

31 The Property Tax Administrator may issue guidelines for assessing

1 officials for use in determining what constitutes a comparable sale.
2 Guidelines shall take into account the factors listed in this section and
3 other relevant factors as prescribed by the Property Tax Administrator.

4 Sec. 18. Section 77-1502, Revised Statutes Cumulative Supplement,
5 2016, is amended to read:

6 77-1502 (1) The county board of equalization shall meet for the
7 purpose of reviewing and deciding written protests filed pursuant to this
8 section beginning on or after June 1 and ending on or before July 25 of
9 each year. Protests regarding real property shall be signed and filed
10 after the county assessor's completion of the real property assessment
11 roll required by section 77-1315 and on or before June 30. For protests
12 of real property, a protest shall be filed for each parcel. Protests
13 regarding taxable tangible personal property returns filed pursuant to
14 section 77-1229 from January 1 through May 1 shall be signed and filed on
15 or before June 30. The county board in a county with a population of more
16 than one hundred thousand inhabitants based upon the most recent federal
17 decennial census may adopt a resolution to extend the deadline for
18 hearing protests from July 25 to August 10. The resolution must be
19 adopted before July 25 and it will affect the time for hearing protests
20 for that year only. By adopting such resolution, such county waives any
21 right to petition the Tax Equalization and Review Commission for
22 adjustment of a class or subclass of real property under section
23 77-1504.01 for that year.

24 (2) Each protest shall be signed and filed with the county clerk of
25 the county where the property is assessed. The protest shall contain or
26 have attached a statement of the reason or reasons why the requested
27 change should be made and a description of the property to which the
28 protest applies. If the property is real property, a description adequate
29 to identify each parcel shall be provided. If the property is tangible
30 personal property, a physical description of the property under protest
31 shall be provided. If the protest does not contain or have attached the

1 statement of the reason or reasons for the protest or the applicable
2 description of the property, the protest shall be dismissed by the county
3 board of equalization.

4 (3) Beginning January 1, 2014, in counties with a population of at
5 least one hundred fifty thousand inhabitants according to the most recent
6 federal decennial census, for a protest regarding real property, each
7 protester shall be afforded the opportunity to meet in person with the
8 county board of equalization or a referee appointed under section
9 77-1502.01 to provide information relevant to the protested property
10 value.

11 (4) No hearing of the county board of equalization on a protest
12 filed under this section shall be held before a single commissioner or
13 supervisor.

14 (5) For agricultural land and horticultural land, the county board
15 of equalization may correct errors in those characteristics affecting the
16 income-producing capability of such land or may correct the resulting
17 value of such land. Protests of such characteristics or values shall be
18 made on a form prescribed by the Tax Commissioner.

19 ~~(6)~~ (5) The county clerk or county assessor shall prepare a separate
20 report on each protest. The report shall include (a) a description
21 adequate to identify the real property or a physical description of the
22 tangible personal property to which the protest applies, (b) any
23 recommendation of the county assessor for action on the protest, (c) if a
24 referee is used, the recommendation of the referee, (d) the date the
25 county board of equalization heard the protest, (e) the decision made by
26 the county board of equalization, (f) the date of the decision, and (g)
27 the date notice of the decision was mailed to the protester. The report
28 shall contain, or have attached to it, a statement, signed by the
29 chairperson of the county board of equalization, describing the basis
30 upon which the board's decision was made. The report shall have attached
31 to it a copy of that portion of the property record file which

1 substantiates calculation of the protested value unless the county
2 assessor certifies to the county board of equalization that a copy is
3 maintained in either electronic or paper form in his or her office. One
4 copy of the report, if prepared by the county clerk, shall be given to
5 the county assessor on or before August 2. The county assessor shall have
6 no authority to make a change in the assessment rolls until there is in
7 his or her possession a report which has been completed in the manner
8 specified in this section. If the county assessor deems a report
9 submitted by the county clerk incomplete, the county assessor shall
10 return the same to the county clerk for proper preparation.

11 (7) ~~(6)~~ On or before August 2, or on or before August 18 in a county
12 that has adopted a resolution to extend the deadline for hearing
13 protests, the county clerk shall mail to the protester written notice of
14 the board's decision. The notice shall contain a statement advising the
15 protester that a report of the board's decision is available at the
16 county clerk's or county assessor's office, whichever is appropriate.

17 Sec. 19. Section 77-1507.01, Reissue Revised Statutes of Nebraska,
18 is amended to read:

19 77-1507.01 Any person otherwise having a right to appeal may
20 petition the Tax Equalization and Review Commission in accordance with
21 section 77-5013, on or before December 31 of each year, to determine the
22 actual value or agricultural-use ~~special~~ value of real property for that
23 year if a failure to give notice prevented timely filing of a protest or
24 appeal provided for in sections 77-1501 to 77-1510.

25 Sec. 20. Section 77-2715.01, Revised Statutes Cumulative Supplement,
26 2016, is amended to read:

27 77-2715.01 (1)(a) Commencing in 1987 the Legislature shall set the
28 rates for the income tax imposed by section 77-2715 and the rate of the
29 sales tax imposed by subsection (1) of section 77-2703. For taxable years
30 beginning or deemed to begin before January 1, 2013, the rate of the
31 income tax set by the Legislature shall be considered the primary rate

1 for establishing the tax rate schedules used to compute the tax.

2 (b) The Legislature shall set the rates of the sales tax and income
3 tax so that the estimated funds available plus estimated receipts from
4 the sales, use, income, and franchise taxes will be not less than three
5 percent nor more than seven percent in excess of the appropriations and
6 express obligations for the biennium for which the appropriations are
7 made. The purpose of this subdivision is to insure that there shall be
8 maintained in the state treasury an adequate General Fund balance,
9 considering cash flow, to meet the appropriations and express obligations
10 of the state.

11 (c) For purposes of this section, express obligation shall mean an
12 obligation which has fiscal impact identifiable by a sum certain or by an
13 established percentage or other determinative factor or factors.

14 (2) The Speaker of the Legislature and the chairpersons of the
15 Legislature's Executive Board, Revenue Committee, and Appropriations
16 Committee shall constitute a committee to be known as the Tax Rate Review
17 Committee. The Tax Rate Review Committee shall meet with the Tax
18 Commissioner within ten days after July 15 and November 15 of each year
19 and shall determine whether the rates for sales tax and income tax should
20 be changed. In making such determination the committee shall recalculate
21 the requirements pursuant to the formula set forth in subsection (1) of
22 this section, taking into consideration the appropriations and express
23 obligations for any session, all miscellaneous claims, deficiency bills,
24 and all emergency appropriations. The committee shall prepare an annual
25 report of its determinations under this section. The committee shall
26 submit such report electronically to the Legislature and shall append the
27 tax expenditure report required under section 77-382 and the revenue
28 volatility report required under section 50-419.02.

29 In the event it is determined by a majority vote of the committee
30 that the rates must be changed as a result of a regular or special
31 session or as a result of a change in the Internal Revenue Code of 1986

1 and amendments thereto, other provisions of the laws of the United States
2 relating to federal income taxes, and the rules and regulations issued
3 under such laws, the committee shall petition the Governor to call a
4 special session of the Legislature to make whatever rate changes may be
5 necessary.

6 (3) Beginning in November 2019 and each November thereafter until
7 the step 8 income tax rate reduction provided for in section 77-2715.03
8 is effective, the Tax Rate Review Committee shall examine the expected
9 rate of growth in net General Fund receipts from the current fiscal year
10 to the upcoming fiscal year, as determined by the Nebraska Economic
11 Forecasting Advisory Board. If the expected rate of growth in net General
12 Fund receipts is not at least three and one-half percent for the upcoming
13 fiscal year, the Tax Rate Review Committee shall declare that the next
14 income tax rate reduction step under section 77-2715.03 that was to begin
15 for taxable years beginning or deemed to begin on or after the following
16 January 1 will be deferred. When the Tax Rate Review Committee defers an
17 income tax rate reduction step, the highest individual income tax rate
18 established in section 77-2715.03 that was effective for the current year
19 will remain in place. If the Tax Rate Review Committee defers an income
20 tax rate reduction step, the Tax Commissioner shall prepare tax tables as
21 required in section 77-2715.03 and withholding tables as required in
22 section 77-2753 reflecting no change in rates from the preceding tax
23 year.

24 (4) Beginning in November 2019, if the expected rate of growth in
25 net General Fund receipts, as determined under subsection (3) of this
26 section, exceeds four percent for the upcoming fiscal year, the Tax Rate
27 Review Committee shall declare that the corporate income tax rate under
28 subdivision (1)(d) of section 77-2734.02 for income in excess of one
29 hundred thousand dollars shall be reduced by two-tenths of one percent
30 for taxable years beginning or deemed to begin on or after the following
31 January 1, except that such rate shall not be reduced below 5.99 percent

1 under this subsection.

2 (5) If the Tax Rate Review Committee defers an income tax rate
3 reduction step under subsection (3) of this section, the Tax Commissioner
4 and the Legislative Fiscal Analyst shall adjust the forecast provided by
5 the Nebraska Economic Forecasting Advisory Board to reflect the deferral
6 and certify the adjusted forecast to the Governor and the Legislature no
7 later than five days following the meeting of the Tax Rate Review
8 Committee. If the Tax Rate Review Committee declares a corporate income
9 tax rate reduction under subsection (4) of this section, the Tax
10 Commissioner and the Legislative Fiscal Analyst shall adjust the forecast
11 provided by the Nebraska Economic Forecasting Advisory Board to reflect
12 the reduction and certify the adjusted forecast to the Governor and the
13 Legislature no later than five days following the meeting of the Tax Rate
14 Review Committee.

15 Sec. 21. Section 77-2715.03, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

17 77-2715.03 (1) For taxable years beginning or deemed to begin on or
18 after January 1, 2013, and before January 1, 2014, the following brackets
19 and rates are hereby established for the Nebraska individual income tax:

20 Individual Income Tax Brackets and Rates

21	Bracket	Single	Married,	Head of	Married,	Estates	Tax
22	Number	Individuals	Filing	Household	Filing	and	Rate
23			Jointly		Separate	Trusts	
24	1	\$0-2,399	\$0-4,799	\$0-4,499	\$0-2,399	\$0-499	2.46%
25	2	\$2,400-	\$4,800-	\$4,500-	\$2,400-	\$500-	
26		17,499	34,999	27,999	17,499	4,699	3.51%
27	3	\$17,500-	\$35,000-	\$28,000-	\$17,500-	\$4,700-	
28		26,999	53,999	39,999	26,999	15,149	5.01%
29	4	\$27,000	\$54,000	\$40,000	\$27,000	\$15,150	
30		and Over	and Over	and Over	and Over	and Over	6.84%

1 (2) For taxable years beginning or deemed to begin on or after
 2 January 1, 2014, and before January 1, 2019, the following brackets and
 3 rates are hereby established for the Nebraska individual income tax:

4 Individual Income Tax Brackets and Rates

5 Bracket	Single	Married,	Head of	Married,	Estates	Tax
6 Number	Individuals	Filing	Household	Filing	and	Rate
7		Jointly		Separate	Trusts	
8 1	\$0-2,999	\$0-5,999	\$0-5,599	\$0-2,999	\$0-499	2.46%
9 2	\$3,000-	\$6,000-	\$5,600-	\$3,000-	\$500-	
10	17,999	35,999	28,799	17,999	4,699	3.51%
11 3	\$18,000-	\$36,000-	\$28,800-	\$18,000-	\$4,700-	
12	28,999	57,999	42,999	28,999	15,149	5.01%
13 4	\$29,000	\$58,000	\$43,000	\$29,000	\$15,150	
14	and Over	and Over	and Over	and Over	and Over	6.84%

15 (3) For taxable years beginning or deemed to begin on or after
 16 January 1, 2019, and before January 1 of the year that the step 1 income
 17 tax rate reduction is not deferred, the following brackets and rates are
 18 hereby established for the Nebraska individual income tax:

19 Individual Income Tax Brackets and Rates

20 Bracket	Single	Married,	Head of	Married,	Estates	Tax
21 Number	Individuals	Filing	Household	Filing	and	Rate
22		Jointly		Separate	Trusts	
23 1	\$0-17,999	\$0-35,999	\$0-28,799	\$0-17,999	\$0-4,699	3.25%
24 2	\$18,000-	\$36,000-	\$28,800-	\$18,000-	\$4,700-	
25	28,999	57,999	42,999	28,999	15,149	5.01%
26 3	\$29,000	\$58,000	\$43,000	\$29,000	\$15,150	
27	and Over	and Over	and Over	and Over	and Over	6.84%

28 (4) Step 1 Income Tax Rate Reduction. For taxable years beginning or
 29 deemed to begin on or after the first January 1 after the Tax Rate Review

1 Committee does not defer the step 1 income tax rate reduction, and before
2 January 1 of the year that the step 2 income tax rate reduction is
3 effective, the following brackets and rates are hereby established for
4 the Nebraska individual income tax:

5 Individual Income Tax Brackets and Rates

6	<u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
7	<u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
8			<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
9	<u>1</u>	<u>\$0-17,999</u>	<u>\$0-35,999</u>	<u>\$0-28,799</u>	<u>\$0-17,999</u>	<u>\$0-4,699</u>	<u>3.25%</u>
10	<u>2</u>	<u>\$18,000-</u>	<u>\$36,000-</u>	<u>\$28,800-</u>	<u>\$18,000-</u>	<u>\$4,700-</u>	
11		<u>28,999</u>	<u>57,999</u>	<u>42,999</u>	<u>28,999</u>	<u>15,149</u>	<u>5.01%</u>
12	<u>3</u>	<u>\$29,000</u>	<u>\$58,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	
13		<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>6.73%</u>

14 (5) Step 2 Income Tax Rate Reduction. For taxable years beginning or
15 deemed to begin on or after the first January 1 after the Tax Rate Review
16 Committee does not defer the step 2 income tax rate reduction, and before
17 January 1 of the year that the step 3 income tax rate reduction is
18 effective, the following brackets and rates are hereby established for
19 the Nebraska individual income tax:

20 Individual Income Tax Brackets and Rates

21	<u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
22	<u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
23			<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
24	<u>1</u>	<u>\$0-17,999</u>	<u>\$0-35,999</u>	<u>\$0-28,799</u>	<u>\$0-17,999</u>	<u>\$0-4,699</u>	<u>3.25%</u>
25	<u>2</u>	<u>\$18,000-</u>	<u>\$36,000-</u>	<u>\$28,800-</u>	<u>\$18,000-</u>	<u>\$4,700-</u>	
26		<u>28,999</u>	<u>57,999</u>	<u>42,999</u>	<u>28,999</u>	<u>15,149</u>	<u>5.01%</u>
27	<u>3</u>	<u>\$29,000</u>	<u>\$58,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	
28		<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>6.62%</u>

29 (6) Step 3 Income Tax Rate Reduction. For taxable years beginning or
30 deemed to begin on or after the first January 1 after the Tax Rate Review

1 Committee does not defer the step 3 income tax rate reduction, and before
2 January 1 of the year that the step 4 income tax rate reduction is
3 effective, the following brackets and rates are hereby established for
4 the Nebraska individual income tax:

5 Individual Income Tax Brackets and Rates

6	<u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
7	<u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
8			<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
9	<u>1</u>	<u>\$0-17,999</u>	<u>\$0-35,999</u>	<u>\$0-28,799</u>	<u>\$0-17,999</u>	<u>\$0-4,699</u>	<u>3.25%</u>
10	<u>2</u>	<u>\$18,000-</u>	<u>\$36,000-</u>	<u>\$28,800-</u>	<u>\$18,000-</u>	<u>\$4,700-</u>	
11		<u>28,999</u>	<u>57,999</u>	<u>42,999</u>	<u>28,999</u>	<u>15,149</u>	<u>5.01%</u>
12	<u>3</u>	<u>\$29,000</u>	<u>\$58,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	
13		<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>6.52%</u>

14 (7) Step 4 Income Tax Rate Reduction. For taxable years beginning or
15 deemed to begin on or after the first January 1 after the Tax Rate Review
16 Committee does not defer the step 4 income tax rate reduction, and before
17 January 1 of the year that the step 5 income tax rate reduction is
18 effective, the following brackets and rates are hereby established for
19 the Nebraska individual income tax:

20 Individual Income Tax Brackets and Rates

21	<u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
22	<u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
23			<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
24	<u>1</u>	<u>\$0-17,999</u>	<u>\$0-35,999</u>	<u>\$0-28,799</u>	<u>\$0-17,999</u>	<u>\$0-4,699</u>	<u>3.25%</u>
25	<u>2</u>	<u>\$18,000-</u>	<u>\$36,000-</u>	<u>\$28,800-</u>	<u>\$18,000-</u>	<u>\$4,700-</u>	
26		<u>28,999</u>	<u>57,999</u>	<u>42,999</u>	<u>28,999</u>	<u>15,149</u>	<u>5.01%</u>
27	<u>3</u>	<u>\$29,000</u>	<u>\$58,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	
28		<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>6.41%</u>

29 (8) Step 5 Income Tax Rate Reduction. For taxable years beginning or
30 deemed to begin on or after the first January 1 after the Tax Rate Review

1 Committee does not defer the step 5 income tax rate reduction, and before
 2 January 1 of the year that the step 6 income tax rate reduction is
 3 effective, the following brackets and rates are hereby established for
 4 the Nebraska individual income tax:

5 Individual Income Tax Brackets and Rates

6 <u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
7 <u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
8		<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
9 <u>1</u>	<u>\$0-17,999</u>	<u>\$0-35,999</u>	<u>\$0-28,799</u>	<u>\$0-17,999</u>	<u>\$0-4,699</u>	<u>3.25%</u>
10 <u>2</u>	<u>\$18,000-</u>	<u>\$36,000-</u>	<u>\$28,800-</u>	<u>\$18,000-</u>	<u>\$4,700-</u>	
11	<u>28,999</u>	<u>57,999</u>	<u>42,999</u>	<u>28,999</u>	<u>15,149</u>	<u>5.01%</u>
12 <u>3</u>	<u>\$29,000</u>	<u>\$58,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	
13	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>6.31%</u>

14 (9) Step 6 Income Tax Rate Reduction. For taxable years beginning or
 15 deemed to begin on or after the first January 1 after the Tax Rate Review
 16 Committee does not defer the step 6 income tax rate reduction, and before
 17 January 1 of the year that the step 7 income tax rate reduction is
 18 effective, the following brackets and rates are hereby established for
 19 the Nebraska individual income tax:

20 Individual Income Tax Brackets and Rates

21 <u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
22 <u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
23		<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
24 <u>1</u>	<u>\$0-17,999</u>	<u>\$0-35,999</u>	<u>\$0-28,799</u>	<u>\$0-17,999</u>	<u>\$0-4,699</u>	<u>3.25%</u>
25 <u>2</u>	<u>\$18,000-</u>	<u>\$36,000-</u>	<u>\$28,800-</u>	<u>\$18,000-</u>	<u>\$4,700-</u>	
26	<u>28,999</u>	<u>57,999</u>	<u>42,999</u>	<u>28,999</u>	<u>15,149</u>	<u>5.01%</u>
27 <u>3</u>	<u>\$29,000</u>	<u>\$58,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	
28	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>6.20%</u>

29 (10) Step 7 Income Tax Rate Reduction. For taxable years beginning
 30 or deemed to begin on or after the first January 1 after the Tax Rate

1 Review Committee does not defer the step 7 income tax rate reduction, and
2 before January 1 of the year that the step 8 income tax rate reduction is
3 effective, the following brackets and rates are hereby established for
4 the Nebraska individual income tax:

5 Individual Income Tax Brackets and Rates

6	<u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
7	<u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
8			<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
9	<u>1</u>	<u>\$0-17,999</u>	<u>\$0-35,999</u>	<u>\$0-28,799</u>	<u>\$0-17,999</u>	<u>\$0-4,699</u>	<u>3.25%</u>
10	<u>2</u>	<u>\$18,000-</u>	<u>\$36,000-</u>	<u>\$28,800-</u>	<u>\$18,000-</u>	<u>\$4,700-</u>	
11		<u>28,999</u>	<u>57,999</u>	<u>42,999</u>	<u>28,999</u>	<u>15,149</u>	<u>5.01%</u>
12	<u>3</u>	<u>\$29,000</u>	<u>\$58,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	
13		<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>6.10%</u>

14 (11) Step 8 Income Tax Rate Reduction. For taxable years beginning
15 or deemed to begin on or after the first January 1 after the Tax Rate
16 Review Committee does not defer the step 8 income tax rate reduction, the
17 following brackets and rates are hereby established for the Nebraska
18 individual income tax:

19 Individual Income Tax Brackets and Rates

20	<u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
21	<u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
22			<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
23	<u>1</u>	<u>\$0-17,999</u>	<u>\$0-35,999</u>	<u>\$0-28,799</u>	<u>\$0-17,999</u>	<u>\$0-4,699</u>	<u>3.25%</u>
24	<u>2</u>	<u>\$18,000-</u>	<u>\$36,000-</u>	<u>\$28,800-</u>	<u>\$18,000-</u>	<u>\$4,700-</u>	
25		<u>28,999</u>	<u>57,999</u>	<u>42,999</u>	<u>28,999</u>	<u>15,149</u>	<u>5.01%</u>
26	<u>3</u>	<u>\$29,000</u>	<u>\$58,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	
27		<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>5.99%</u>

28 (12) The income tax rate reduction steps provided in subsections (4)
29 through (11) of this section shall take effect in order beginning with
30 the step 1 income tax rate reduction and continuing until the step 8

1 income tax rate reduction becomes effective.

2 ~~(13)(a)~~ ~~(3)(a)~~ For taxable years beginning or deemed to begin on or
3 after January 1, 2015, the minimum and maximum dollar amounts for each
4 income tax bracket provided in subsections ~~subsection~~ (2) through (11) of
5 this section shall be adjusted for inflation by the percentage determined
6 under subdivision (13)(b) ~~(3)(b)~~ of this section. The rate applicable to
7 any such income tax bracket shall not be changed as part of any
8 adjustment under this subsection. The minimum and maximum dollar amounts
9 for each income tax bracket as adjusted shall be rounded to the nearest
10 ten-dollar amount. If the adjusted amount for any income tax bracket ends
11 in a five, it shall be rounded up to the nearest ten-dollar amount.

12 (b) The Tax Commissioner shall adjust the income tax brackets by the
13 percentage determined pursuant to the provisions of section 1(f) of the
14 Internal Revenue Code of 1986, as amended, except that in section 1(f)(3)
15 (B) of the code the year 2013 shall be substituted for the year 1992. For
16 2015, the Tax Commissioner shall then determine the percent change from
17 the twelve months ending on August 31, 2013, to the twelve months ending
18 on August 31, 2014, and in each subsequent year, from the twelve months
19 ending on August 31, 2013, to the twelve months ending on August 31 of
20 the year preceding the taxable year. The Tax Commissioner shall prescribe
21 new tax rate schedules that apply in lieu of the schedules set forth in
22 subsections ~~subsection~~ (2) through (11) of this section.

23 (14) ~~(4)~~ Whenever the tax brackets or tax rates are changed by the
24 Legislature, the Tax Commissioner shall update the tax rate schedules to
25 reflect the new tax brackets or tax rates and shall publish such updated
26 schedules.

27 (15) ~~(5)~~ The Tax Commissioner shall prepare, from the rate
28 schedules, tax tables which can be used by a majority of the taxpayers to
29 determine their Nebraska tax liability. The design of the tax tables
30 shall be determined by the Tax Commissioner. The size of the tax table
31 brackets may change as the level of income changes. The difference in tax

1 between two tax table brackets shall not exceed fifteen dollars. The Tax
2 Commissioner may build the personal exemption credit and standard
3 deduction amounts into the tax tables.

4 (16) ~~(6)~~ For taxable years beginning or deemed to begin on or after
5 January 1, 2013, the tax rate applied to other federal taxes included in
6 the computation of the Nebraska individual income tax shall be 29.6
7 percent.

8 (17) ~~(7)~~ The Tax Commissioner may require by rule and regulation
9 that all taxpayers shall use the tax tables if their income is less than
10 the maximum income included in the tax tables.

11 Sec. 22. Section 77-2715.07, Revised Statutes Cumulative Supplement,
12 2016, is amended to read:

13 77-2715.07 (1) There shall be allowed to qualified resident
14 individuals as a nonrefundable credit against the income tax imposed by
15 the Nebraska Revenue Act of 1967:

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

18 (b) A credit for taxes paid to another state as provided in section
19 77-2730.

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

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

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

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

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

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

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

30 (B) Eleven percent of the federal credit allowed under section 32 of
31 the Internal Revenue Code of 1986, as amended, for taxable years

1 beginning or deemed to begin on or after January 1, 2019, and before
2 January 1, 2020; and

3 (C) Twelve percent of the federal credit allowed under section 32 of
4 the Internal Revenue Code of 1986, as amended, for taxable years
5 beginning or deemed to begin on or after January 1, 2020.

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

13 (3) There shall be allowed to all individuals as a nonrefundable
14 credit against the income tax imposed by the Nebraska Revenue Act of
15 1967:

16 (a) A credit for personal exemptions allowed under section
17 77-2716.01;

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

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

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

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

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

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

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

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

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

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

20 (5)(a) For all taxable years beginning on or after January 1, 2007,
21 and before January 1, 2009, under the Internal Revenue Code of 1986, as
22 amended, there shall be allowed to each partner, shareholder, member, or
23 beneficiary of a partnership, subchapter S corporation, limited liability
24 company, or estate or trust a nonrefundable credit against the income tax
25 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
26 partner's, shareholder's, member's, or beneficiary's portion of the
27 amount of franchise tax paid to the state under sections 77-3801 to
28 77-3807 by a financial institution.

29 (b) For all taxable years beginning on or after January 1, 2009,
30 under the Internal Revenue Code of 1986, as amended, there shall be
31 allowed to each partner, shareholder, member, or beneficiary of a

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

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

12 (6) There shall be allowed to all individuals nonrefundable credits
13 against the income tax imposed by the Nebraska Revenue Act of 1967 as
14 provided in section 77-3604 and refundable credits against the income tax
15 imposed by the Nebraska Revenue Act of 1967 as provided in section
16 77-3605.

17 (7) For taxable years beginning or deemed to begin on or after
18 January 1, 2019, under the Internal Revenue Code of 1986, as amended,
19 there shall be allowed to qualified resident individuals a nonrefundable
20 credit against the income tax imposed by the Nebraska Revenue Act of 1967
21 as follows:

22 (a) For individuals whose filing status is married filing jointly
23 and whose federal adjusted gross income does not exceed twenty-eight
24 thousand dollars, the nonrefundable credit shall be equal to forty
25 dollars; and

26 (b) For individuals with any other filing status whose federal
27 adjusted gross income does not exceed fourteen thousand dollars, the
28 nonrefundable credit shall be equal to twenty dollars.

29 Sec. 23. Section 77-2716.01, Reissue Revised Statutes of Nebraska,
30 is amended to read:

31 77-2716.01 (1) Except as provided in subsection (2) of this section,

1 ~~every~~ Every individual shall be allowed to subtract from his or her
2 income tax liability an amount for personal exemptions. The amount
3 allowed to be subtracted shall be the credit amount for the year as
4 provided in this section multiplied by the number of exemptions allowed
5 on the federal return. For tax year 1993, the credit amount shall be
6 sixty-five dollars; for tax year 1994, the credit amount shall be sixty-
7 nine dollars; for tax year 1995, the credit amount shall be sixty-nine
8 dollars; for tax year 1996, the credit amount shall be seventy-two
9 dollars; for tax year 1997, the credit amount shall be eighty-six
10 dollars; for tax year 1998, the credit amount shall be eighty-eight
11 dollars; for tax year 1999, and each year thereafter, the credit amount
12 shall be adjusted for inflation by the method provided in section 151 of
13 the Internal Revenue Code of 1986, as amended. The eighty-eight-dollar
14 credit amount shall be adjusted for cumulative inflation since 1998. If
15 any credit amount is not an even dollar amount, the amount shall be
16 rounded to the nearest dollar. For nonresident individuals and partial-
17 year resident individuals, the personal exemption credit shall be
18 subtracted as specified in subsection (3) of section 77-2715.

19 (2) For tax years beginning or deemed to begin on or after January
20 1, 2019, the amount of personal exemptions that would otherwise be
21 available under this section shall be reduced as follows:

22 (a) For taxpayers with a filing status of married filing jointly,
23 the personal exemption credits shall be reduced by:

24 (i) Ten percent if federal adjusted gross income is at least three
25 hundred thousand dollars but less than three hundred twenty thousand
26 dollars;

27 (ii) Twenty percent if federal adjusted gross income is at least
28 three hundred twenty thousand dollars but less than three hundred forty
29 thousand dollars;

30 (iii) Thirty percent if federal adjusted gross income is at least
31 three hundred forty thousand dollars but less than three hundred sixty

1 thousand dollars;

2 (iv) Fifty percent if federal adjusted gross income is at least
3 three hundred sixty thousand dollars but less than three hundred eighty
4 thousand dollars;

5 (v) Seventy-five percent if federal adjusted gross income is at
6 least three hundred eighty thousand dollars but less than four hundred
7 thousand dollars; or

8 (vi) One hundred percent if federal adjusted gross income is four
9 hundred thousand dollars or more; and

10 (b) For taxpayers with any other filing status, the personal
11 exemption credits shall be reduced by:

12 (i) Ten percent if federal adjusted gross income is at least one
13 hundred fifty thousand dollars but less than one hundred sixty thousand
14 dollars;

15 (ii) Twenty percent if federal adjusted gross income is at least one
16 hundred sixty thousand dollars but less than one hundred seventy thousand
17 dollars;

18 (iii) Thirty percent if federal adjusted gross income is at least
19 one hundred seventy thousand dollars but less than one hundred eighty
20 thousand dollars;

21 (iv) Fifty percent if federal adjusted gross income is at least one
22 hundred eighty thousand dollars but less than one hundred ninety thousand
23 dollars;

24 (v) Seventy-five percent if federal adjusted gross income is at
25 least one hundred ninety thousand dollars but less than two hundred
26 thousand dollars; or

27 (vi) One hundred percent if federal adjusted gross income is two
28 hundred thousand dollars or more.

29 (3)(a) ~~(2)(a)~~ For tax years beginning or deemed to begin on or after
30 January 1, 2003, and before January 1, 2004, under the Internal Revenue
31 Code of 1986, as amended, every individual who did not itemize deductions

1 on his or her federal return shall be allowed to subtract from federal
2 adjusted gross income a standard deduction based on the filing status
3 used on the federal return except as the amount is adjusted under section
4 77-2716.03. The standard deduction shall be the smaller of the federal
5 standard deduction actually allowed or (i) for single taxpayers four
6 thousand seven hundred fifty dollars, (ii) for head of household
7 taxpayers seven thousand dollars, (iii) for married filing jointly
8 taxpayers seven thousand nine hundred fifty dollars, and (iv) for married
9 filing separately taxpayers three thousand nine hundred seventy-five
10 dollars. Taxpayers who are allowed additional federal standard deduction
11 amounts because of age or blindness shall be allowed an increase in the
12 Nebraska standard deduction for each additional amount allowed on the
13 federal return. The additional amounts shall be for married taxpayers,
14 nine hundred fifty dollars, and for single or head of household
15 taxpayers, one thousand one hundred fifty dollars.

16 (b) For tax years beginning or deemed to begin on or after January
17 1, 2007, under the Internal Revenue Code of 1986, as amended, every
18 individual who did not itemize deductions on his or her federal return
19 shall be allowed to subtract from federal adjusted gross income a
20 standard deduction based on the filing status used on the federal return.
21 The standard deduction shall be the smaller of the federal standard
22 deduction actually allowed or (i) for single taxpayers three thousand
23 dollars and (ii) for head of household taxpayers four thousand four
24 hundred dollars. The standard deduction for married filing jointly
25 taxpayers shall be double the standard deduction for single taxpayers,
26 and for married filing separately taxpayers, the standard deduction shall
27 be the same as single taxpayers. Taxpayers who are allowed additional
28 federal standard deduction amounts because of age or blindness shall be
29 allowed an increase in the Nebraska standard deduction for each
30 additional amount allowed on the federal return. The additional amounts
31 shall be for married taxpayers six hundred dollars and for single or head

1 of household taxpayers seven hundred fifty dollars. The amounts in this
2 subdivision will be indexed using 1987 as the base year.

3 (c) For tax years beginning or deemed to begin on or after January
4 1, 2007, the standard deduction amounts, including the additional
5 standard deduction amounts, in this subsection shall be adjusted for
6 inflation by the method provided in section 151 of the Internal Revenue
7 Code of 1986, as amended. If any amount is not a multiple of fifty
8 dollars, the amount shall be rounded to the next lowest multiple of fifty
9 dollars.

10 (4) ~~(3)~~ Every individual who itemized deductions on his or her
11 federal return shall be allowed to subtract from federal adjusted gross
12 income the greater of either the standard deduction allowed in subsection
13 ~~(3)~~ ~~(2)~~ of this section or his or her federal itemized deductions, except
14 for the amount for state or local income taxes included in federal
15 itemized deductions before any federal disallowance.

16 Sec. 24. Section 77-2734.02, Revised Statutes Cumulative Supplement,
17 2016, is amended to read:

18 77-2734.02 (1) Except as provided in subsection (2) of this section,
19 a tax is hereby imposed on the taxable income of every corporate taxpayer
20 that is doing business in this state:

21 (a) For taxable years beginning or deemed to begin before January 1,
22 2013, at a rate equal to one hundred fifty and eight-tenths percent of
23 the primary rate imposed on individuals under section 77-2701.01 on the
24 first one hundred thousand dollars of taxable income and at the rate of
25 two hundred eleven percent of such rate on all taxable income in excess
26 of one hundred thousand dollars. The resultant rates shall be rounded to
27 the nearest one hundredth of one percent; ~~and~~

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

1 hundred thousand dollars; -

2 (c) For taxable years beginning or deemed to begin on or after
3 January 1, 2019, and before January 1, 2020, at a rate equal to 5.58
4 percent on the first one hundred thousand dollars of taxable income and
5 at the rate of 7.59 percent on all taxable income in excess of one
6 hundred thousand dollars; and

7 (d) For taxable years beginning or deemed to begin on or after
8 January 1, 2020, at a rate equal to 5.58 percent on the first one hundred
9 thousand dollars of taxable income and at the committee-adjusted rate on
10 all taxable income in excess of one hundred thousand dollars. For
11 purposes of this subdivision, committee-adjusted rate means a rate of
12 7.59 percent minus 0.20 percent for each time that the Tax Rate Review
13 Committee has declared a corporate income tax rate reduction under
14 subsection (4) of section 77-2715.01. The committee-adjusted rate shall
15 not be decreased below 5.99 percent for any taxable year.

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

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

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

1 77-2734.15.

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

4 Sec. 25. Section 77-27,159, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 77-27,159 The Legislative Fiscal Analyst and the Department of
7 Revenue shall provide such staff support as the Nebraska Economic
8 Forecasting Advisory Board may require. The Legislative Fiscal Analyst,
9 in developing revenue estimates pursuant to section 50-419, and the
10 Department of Revenue, in developing revenue estimates for the Governor
11 pursuant to section 81-125, shall (1) consider the estimates of economic
12 activity and the advisory forecast of General Fund receipts developed by
13 the board pursuant to section 77-27,158 and (2) assume that the next
14 income tax rate reduction steps which could occur under section
15 77-2715.03 will occur in each of the tax years that make up the forecast.

16 Sec. 26. Section 77-2912, Revised Statutes Cumulative Supplement,
17 2016, is amended to read:

18 77-2912 (1) There shall be no new applications filed under the
19 Nebraska Job Creation and Mainstreet Revitalization Act after December
20 31, 2022. All applications and all credits pending or approved before
21 such date shall continue in full force and effect, except that no credits
22 shall be allocated under section 77-2905, issued under section 77-2906,
23 or used on any tax return or similar filing after December 31, 2027.

24 (2) Effective July 1, 2017, through December 31, 2022, no new
25 applications shall be filed under the Nebraska Job Creation and
26 Mainstreet Revitalization Act.

27 Sec. 27. Section 77-4212, Revised Statutes Cumulative Supplement,
28 2016, is amended to read:

29 77-4212 (1) For tax year 2007, the amount of relief granted under
30 the Property Tax Credit Act shall be one hundred five million dollars.
31 For tax year 2008, the amount of relief granted under the act shall be

1 one hundred fifteen million dollars. It is the intent of the Legislature
2 to fund the Property Tax Credit Act for tax years after tax year 2008
3 using available revenue. For tax year 2017, the amount of relief granted
4 under the act shall be two hundred twenty-four million dollars. The
5 relief shall be in the form of a property tax credit which appears on the
6 property tax statement.

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

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

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

29 (4)(a) For tax years prior to tax year 2017, the amount disbursed to
30 each county shall be equal to the amount available for disbursement
31 determined under subsection (1) of this section multiplied by the ratio

1 of the real property valuation in the county to the real property
2 valuation in the state. By September 15, the Property Tax Administrator
3 shall determine the amount to be disbursed under this subdivision to each
4 county and certify such amounts to the State Treasurer and to each
5 county. The disbursements to the counties shall occur in two equal
6 payments, the first on or before January 31 and the second on or before
7 April 1. After retaining one percent of the receipts for costs, the
8 county treasurer shall allocate the remaining receipts to each taxing
9 unit levying taxes on taxable property in the tax district in which the
10 real property is located in the same proportion that the levy of such
11 taxing unit bears to the total levy on taxable property of all the taxing
12 units in the tax district in which the real property is located.

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

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

1 valuation.

2 (6) The State Treasurer shall transfer from the General Fund to the
3 Property Tax Credit Cash Fund one hundred five million dollars by August
4 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

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

7 Sec. 28. Section 77-5007, Revised Statutes Cumulative Supplement,
8 2016, is amended to read:

9 77-5007 The commission has the power and duty to hear and determine
10 appeals of:

11 (1) Decisions of any county board of equalization equalizing the
12 value of individual tracts, lots, or parcels of real property so that all
13 real property is assessed uniformly and proportionately;

14 (2) Decisions of any county board of equalization granting or
15 denying tax-exempt status for real or personal property or an exemption
16 from motor vehicle taxes and fees;

17 (3) Decisions of the Tax Commissioner determining the taxable
18 property of a railroad company, car company, public service entity, or
19 air carrier within the state;

20 (4) Decisions of the Tax Commissioner determining adjusted valuation
21 pursuant to section 79-1016;

22 (5) Decisions of any county board of equalization on the valuation
23 of personal property or any penalties imposed under sections 77-1233.04
24 and 77-1233.06;

25 (6) Decisions of any county board of equalization on claims that a
26 levy is or is not for an unlawful or unnecessary purpose or in excess of
27 the requirements of the county;

28 (7) Decisions of any county board of equalization granting or
29 rejecting an application for a homestead exemption;

30 (8) Decisions of the Department of Motor Vehicles determining the
31 taxable value of motor vehicles pursuant to section 60-3,188;

1 (9) Decisions of the Tax Commissioner made under section 77-1330;

2 (10) Any other decision of any county board of equalization;

3 (11) Any other decision of the Tax Commissioner regarding property
4 valuation, exemption, or taxation;

5 (12) Decisions of the Tax Commissioner pursuant to section 77-3520;

6 (13) Final decisions of a county board of equalization appealed by
7 the Tax Commissioner or Property Tax Administrator pursuant to section
8 77-701;

9 (14) Determinations of the Rent-Restricted Housing Projects
10 Valuation Committee regarding the capitalization rate to be used to value
11 rent-restricted housing projects pursuant to section 77-1333 or the
12 requirement under such section that an income-approach calculation be
13 used by county assessors to value rent-restricted housing projects;

14 (15) The requirement under section 77-1314 that the income approach,
15 including the use of a discounted cash-flow analysis, be used by county
16 assessors; ~~and~~

17 (16) Decisions of the Tax Commissioner pursuant to section 8 of this
18 act; and

19 (17) ~~(16)~~ Any other decision, determination, action, or order from
20 which an appeal to the commission is authorized.

21 The commission has the power and duty to hear and grant or deny
22 relief on petitions.

23 Sec. 29. Section 77-5022, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 77-5022 The commission shall annually equalize the assessed value ~~or~~
26 ~~special value~~ of all residential and commercial real property as
27 submitted by the county assessors on the abstracts of assessments and
28 equalize the values of real property that is valued by the state. The
29 commission shall have the power to recess from time to time until the
30 equalization process is complete. Meetings held pursuant to this section
31 may be held by means of videoconference or telephone conference.

1 Sec. 30. Section 77-5023, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 77-5023 (1) Pursuant to section 77-5022, the commission shall have
4 the power to increase or decrease the value of a class or subclass of
5 residential or commercial real property in any county or taxing authority
6 or of real property valued by the state so that all classes or subclasses
7 of real property in all counties fall within an acceptable range.

8 (2) An acceptable range is the percentage of variation from a
9 standard for valuation as measured by an established indicator of central
10 tendency of assessment. ~~The acceptable range~~ Acceptable ranges are: (a)
11 ~~For agricultural land and horticultural land as defined in section~~
12 ~~77-1359, sixty-nine to seventy-five percent of actual value;~~ (b) for
13 ~~lands receiving special valuation, sixty-nine to seventy-five percent of~~
14 ~~special valuation as defined in section 77-1343; and (c) for all~~
15 residential and commercial ~~other~~ real property, is ninety-two to one
16 hundred percent of actual value.

17 (3) Any increase or decrease shall cause the level of value
18 determined by the commission to be at the midpoint of the ~~applicable~~
19 acceptable range.

20 (4) Any decrease or increase to a subclass of property shall also
21 cause the level of value determined by the commission for the class from
22 which the subclass is drawn to be within the ~~applicable~~ acceptable range.

23 (5) Whether or not the level of value determined by the commission
24 falls within the ~~an~~ acceptable range or at the midpoint of the ~~an~~
25 acceptable range may be determined to a reasonable degree of certainty
26 relying upon generally accepted mass appraisal techniques.

27 Sec. 31. Section 79-1016, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 79-1016 (1) On or before August 25, the county assessor shall
30 certify to the Property Tax Administrator the total taxable value by
31 school district in the county for the current assessment year on forms

1 prescribed by the Tax Commissioner. The county assessor may amend the
2 filing for changes made to the taxable valuation of the school district
3 in the county if corrections or errors on the original certification are
4 discovered. Amendments shall be certified to the Property Tax
5 Administrator on or before September 30.

6 (2) On or before October 10, the Property Tax Administrator shall
7 compute and certify to the State Department of Education the adjusted
8 valuation for the current assessment year for each class of property in
9 each school district and each local system. The adjusted valuation of
10 property for each school district and each local system, for purposes of
11 determining state aid pursuant to the Tax Equity and Educational
12 Opportunities Support Act, shall reflect as nearly as possible state aid
13 value as defined in subsection (3) of this section. The Property Tax
14 Administrator shall notify each school district and each local system of
15 its adjusted valuation for the current assessment year by class of
16 property on or before October 10. Establishment of the adjusted valuation
17 shall be based on the taxable value certified by the county assessor for
18 each school district in the county adjusted by the determination of the
19 level of value for each school district from an analysis of the
20 comprehensive assessment ratio study or other studies developed by the
21 Property Tax Administrator, in compliance with professionally accepted
22 mass appraisal techniques, as required by section 77-1327. The Tax
23 Commissioner shall adopt and promulgate rules and regulations setting
24 forth standards for the determination of level of value for state aid
25 purposes.

26 (3) For purposes of this section, state aid value means:

27 (a) For real property other than agricultural land and horticultural
28 land, ninety-six percent of actual value;

29 (b) For agricultural land and horticultural land, the agricultural-
30 use seventy-two percent of actual value as provided in the Agricultural
31 Valuation Fairness Act sections 77-1359 to 77-1363. For agricultural and

1 ~~horticultural land that receives special valuation pursuant to section~~
2 ~~77-1344, seventy two percent of special valuation as defined in section~~
3 ~~77-1343; and~~

4 (c) For personal property, the net book value as defined in section
5 77-120.

6 (4) On or before November 10, any local system may file with the Tax
7 Commissioner written objections to the adjusted valuations prepared by
8 the Property Tax Administrator, stating the reasons why such adjusted
9 valuations are not the valuations required by subsection (3) of this
10 section. The Tax Commissioner shall fix a time for a hearing. Either
11 party shall be permitted to introduce any evidence in reference thereto.
12 On or before January 1, the Tax Commissioner shall enter a written order
13 modifying or declining to modify, in whole or in part, the adjusted
14 valuations and shall certify the order to the State Department of
15 Education. Modification by the Tax Commissioner shall be based upon the
16 evidence introduced at hearing and shall not be limited to the
17 modification requested in the written objections or at hearing. A copy of
18 the written order shall be mailed to the local system within seven days
19 after the date of the order. The written order of the Tax Commissioner
20 may be appealed within thirty days after the date of the order to the Tax
21 Equalization and Review Commission in accordance with section 77-5013.

22 (5) On or before November 10, any local system or county official
23 may file with the Tax Commissioner a written request for a nonappealable
24 correction of the adjusted valuation due to clerical error as defined in
25 section 77-128 ~~or, for agricultural and horticultural land, assessed~~
26 ~~value changes by reason of land qualified or disqualified for special use~~
27 ~~valuation pursuant to sections 77-1343 to 77-1347.01.~~ On or before the
28 following January 1, the Tax Commissioner shall approve or deny the
29 request and, if approved, certify the corrected adjusted valuations
30 resulting from such action to the State Department of Education.

31 (6) On or before May 31 of the year following the certification of

1 adjusted valuation pursuant to subsection (2) of this section, any local
2 system or county official may file with the Tax Commissioner a written
3 request for a nonappealable correction of the adjusted valuation due to
4 changes to the tax list that change the assessed value of taxable
5 property. Upon the filing of the written request, the Tax Commissioner
6 shall require the county assessor to recertify the taxable valuation by
7 school district in the county on forms prescribed by the Tax
8 Commissioner. The recertified valuation shall be the valuation that was
9 certified on the tax list, pursuant to section 77-1613, increased or
10 decreased by changes to the tax list that change the assessed value of
11 taxable property in the school district in the county in the prior
12 assessment year. On or before the following July 31, the Tax Commissioner
13 shall approve or deny the request and, if approved, certify the corrected
14 adjusted valuations resulting from such action to the State Department of
15 Education.

16 (7) No injunction shall be granted restraining the distribution of
17 state aid based upon the adjusted valuations pursuant to this section.

18 (8) A school district whose state aid is to be calculated pursuant
19 to subsection (5) of this section and whose state aid payment is
20 postponed as a result of failure to calculate state aid pursuant to such
21 subsection may apply to the state board for lump-sum payment of such
22 postponed state aid. Such application may be for any amount up to one
23 hundred percent of the postponed state aid. The state board may grant the
24 entire amount applied for or any portion of such amount. The state board
25 shall notify the Director of Administrative Services of the amount of
26 funds to be paid in a lump sum and the reduced amount of the monthly
27 payments. The Director of Administrative Services shall, at the time of
28 the next state aid payment made pursuant to section 79-1022, draw a
29 warrant for the lump-sum amount from appropriated funds and forward such
30 warrant to the district.

31 Sec. 32. Section 79-1036, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 79-1036 (1) In making the apportionment under section 79-1035, the
3 Commissioner of Education shall distribute from the school fund for
4 school purposes to (a) for school fiscal years prior to school fiscal
5 year 2017-18, any and all learning communities and school districts which
6 are not members of a learning community, and (b) for school fiscal year
7 2017-18 and each school fiscal year thereafter, all school districts in
8 which there are situated school lands which have not been sold and
9 transferred by deed or saline lands owned by the state, which lands are
10 being used for a public purpose, an amount in lieu of tax money that
11 would be raised by school district levies if such lands were taxable, to
12 be ascertained in accordance with subsection (2) of this section, except
13 that:

14 (i) For Class I districts or portions thereof which are affiliated
15 and in which there are situated school or saline lands, 38.6207 percent
16 of the in lieu of land tax money calculated pursuant to subsection (2) of
17 this section, based on the affiliated school system tax levy computed
18 pursuant to section 79-1077, shall be distributed to the affiliated high
19 school district and the remainder shall be distributed to the Class I
20 district;

21 (ii) For Class I districts or portions thereof which are part of a
22 Class VI district which offers instruction in grades nine through twelve
23 and in which there are situated school or saline lands, 38.6207 percent
24 of the in lieu of land tax money calculated pursuant to subsection (2) of
25 this section, based on the Class VI school system levy computed pursuant
26 to section 79-1078, shall be distributed to the Class VI district and the
27 remainder shall be distributed to the Class I district;

28 (iii) For Class I districts or portions thereof which are part of a
29 Class VI district which offers instruction in grades seven through twelve
30 and in which there are situated school or saline lands, 55.1724 percent
31 of the in lieu of land tax money calculated pursuant to subsection (2) of

1 this section, based on the Class VI school system levy computed pursuant
2 to section 79-1078, shall be distributed to the Class VI district and the
3 remainder shall be distributed to the Class I district; and

4 (iv) For Class I districts or portions thereof which are part of a
5 Class VI district which offers instruction in grades six through twelve
6 and in which there are situated school or saline lands, 62.0690 percent
7 of the in lieu of land tax money calculated pursuant to subsection (2) of
8 this section, based on the Class VI school system levy computed pursuant
9 to section 79-1078, shall be distributed to the Class VI district and the
10 remainder shall be distributed to the Class I district.

11 (2) The county assessor shall certify to the Commissioner of
12 Education the tax levies of each school district and, for levies
13 certified prior to January 1, 2017, learning community in which school
14 land or saline land is located and the last appraised value of such
15 school land, which value shall be the agricultural-use ~~same percentage of~~
16 ~~the appraised value as the percentage of the assessed value is of market~~
17 value described in subsection (2) of section 77-201 for the purpose of
18 applying the applicable tax levies for each district and, for levies
19 certified prior to January 1, 2017, learning community in determining the
20 distribution to the districts of such amounts. The school board of any
21 school district and, for levies certified prior to January 1, 2017, the
22 learning community coordinating council of any learning community in
23 which there is located any leased or undeeded school land or saline land
24 subject to this section may appeal to the Board of Educational Lands and
25 Funds for a reappraisalment of such school land if such school board or
26 learning community coordinating council deems the land not appraised in
27 proportion to the value of adjoining land of the same or similar value.
28 The Board of Educational Lands and Funds shall proceed to investigate the
29 facts involved in such appeal and, if the contention of the school board
30 or learning community coordinating council is correct, make the proper
31 reappraisalment. The value calculation in this subsection shall be used by

1 the Commissioner of Education for making distributions in each school
2 fiscal year.

3 Sec. 33. Sections 10, 11, 12, 13, 14, 16, 17, 18, 19, 27, 28, 29,
4 30, 31, 32, 35, and 36 of this act become operative on January 1, 2018.
5 The other sections of this act become operative on their effective date.

6 Sec. 34. Original sections 77-2716.01 and 77-27,159, Reissue
7 Revised Statutes of Nebraska, and sections 77-1116, 77-2715.01,
8 77-2715.03, 77-2715.07, 77-2734.02, and 77-2912, Revised Statutes
9 Cumulative Supplement, 2016, are repealed.

10 Sec. 35. Original sections 19-2428, 46-294.03, 77-103.01,
11 77-1507.01, 77-5023, and 79-1016, Reissue Revised Statutes of Nebraska,
12 and sections 76-710.04, 77-201, 77-1327, 77-1371, 77-1502, 77-4212,
13 77-5007, 77-5022, and 79-1036, Revised Statutes Cumulative Supplement,
14 2016, are repealed.

15 Sec. 36. The following sections are outright repealed: Sections
16 77-1343, 77-1344, 77-1345, 77-1345.01, 77-1346, and 77-1347.01, Reissue
17 Revised Statutes of Nebraska, and sections 77-1347, 77-1359, and 77-1363,
18 Revised Statutes Cumulative Supplement, 2016.

19 Sec. 37. Since an emergency exists, this act takes effect when
20 passed and approved according to law.