

E AND R AMENDMENTS TO LB 217

Introduced by Wishart, 27, Chairman Enrollment and Review

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

3 Section 1. Section 9-433, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 9-433 (1) ~~Any Except as provided in subsection (2) of this section,~~
6 any county or incorporated municipality may, by resolution or ordinance,
7 tax, regulate, control, or prohibit any lottery or raffle within the
8 boundaries of such county or the corporate limits of such incorporated
9 municipality. No county may impose a tax or otherwise regulate, control,
10 or prohibit any lottery within the corporate limits of an incorporated
11 municipality. Any tax imposed pursuant to this subsection shall be
12 remitted to the general fund of the county or incorporated municipality
13 imposing such tax.

14 ~~(2) No licensed organization may conduct a lottery or raffle and no~~
15 ~~person may engage in lottery or raffle activity within the boundaries of~~
16 ~~any Class 6 or Class 7 county as classified under section 23-1114.01 or~~
17 ~~within the corporate limits of any city of the metropolitan or primary~~
18 ~~class until specific authorization has been granted by ordinance or~~
19 ~~resolution of the city or county to conduct a lottery, raffle, or related~~
20 ~~activity. Any ordinance or resolution that provides specific~~
21 ~~authorization for a lottery, raffle, or related activity may tax,~~
22 ~~regulate, or otherwise control such lottery, raffle, or related activity.~~

23 (2) ~~(3)~~ Nothing in this section shall be construed to authorize any
24 lottery or raffle not otherwise authorized under Nebraska law.

25 Sec. 2. Section 13-509, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 13-509 (1) On or before August 20 of each year, the county assessor

1 shall certify to each governing body or board empowered to levy or
2 certify a tax levy the current taxable value of the taxable real and
3 personal property subject to the applicable levy. The certification shall
4 be provided to the governing body or board (a) by mail if requested by
5 the governing body or board, (b) electronically, or (c) by listing such
6 certification on the county assessor's web site.

7 (2) Current taxable value for real property shall mean the value
8 established by the county assessor and equalized by the county board of
9 equalization and the Tax Equalization and Review Commission. Current
10 taxable value for tangible personal property shall mean the net book
11 value reported by the taxpayer and certified by the county assessor.

12 (3) ~~(2)~~ The valuation of any real and personal property annexed by a
13 political subdivision on or after August 1 shall be considered in the
14 taxable valuation of the annexing political subdivision the following
15 year.

16 Sec. 3. Section 58-708, Revised Statutes Cumulative Supplement,
17 2016, is amended to read:

18 58-708 (1) During each calendar year in which funds are available
19 from the Affordable Housing Trust Fund for use by the Department of
20 Economic Development, the department shall make its best efforts to
21 allocate a specific amount of funds, not less than thirty percent of such
22 funds , to each congressional district. The department shall announce a
23 grant and loan application period of at least ninety days duration for
24 all projects. In selecting projects to receive trust fund assistance, the
25 department shall develop a qualified allocation plan and give first
26 priority to financially viable projects that serve the lowest income
27 occupants for the longest period of time. The qualified allocation plan
28 shall:

29 (a) Set forth selection criteria to be used to determine housing
30 priorities of the housing trust fund which are appropriate to local
31 conditions, including the community's immediate need for affordable

1 housing, proposed increases in home ownership, private dollars leveraged,
2 level of local government support and participation, and repayment, in
3 part or in whole, of financial assistance awarded by the fund; and

4 (b) Give first priority in allocating trust fund assistance among
5 selected projects to those projects which are located in whole or in part
6 within an enterprise zone designated pursuant to the Enterprise Zone Act,
7 serve the lowest income occupant, and are obligated to serve qualified
8 occupants for the longest period of time.

9 (2) The department shall fund in order of priority as many
10 applications as will utilize available funds less actual administrative
11 costs of the department in administering the program. In administering
12 the program the department may contract for services or directly provide
13 funds to other governmental entities or instrumentalities.

14 (3) The department may recapture any funds which were allocated to a
15 qualified recipient for an eligible project through an award agreement if
16 such funds were not utilized for eligible costs within the time of
17 performance under the agreement and are therefor no longer obligated to
18 the project. The recaptured funds shall be credited to the Affordable
19 Housing Trust Fund.

20 Sec. 4. Section 69-2710.01, Revised Statutes Cumulative Supplement,
21 2016, is amended to read:

22 69-2710.01 (1) Any person that during a month acquired, purchased,
23 sold, possessed, transferred, transported, or caused to be transported in
24 or into this state cigarettes of a tobacco product manufacturer or brand
25 family that was not in the directory at the time shall, within fifteen
26 days following the end of that month, file a report ~~on a form and~~ in the
27 manner prescribed by the Tax Commissioner and certify to the state that
28 the report is complete and accurate. The report shall contain, in
29 addition to any further information that the Tax Commissioner may
30 reasonably require to assist the Tax Commissioner in enforcing sections
31 69-2701 to 69-2711 and 77-2601 to 77-2622 and the Tobacco Products Tax

1 Act, the following information:

2 (a) The total number of those cigarettes, in each case identifying
3 by name and number of cigarettes (i) the manufacturers of those
4 cigarettes, (ii) the brand families of those cigarettes, (iii) in the
5 case of a sale or transfer, the name and address of the recipient of
6 those cigarettes, (iv) in the case of an acquisition or purchase, the
7 name and address of the seller or sender of those cigarettes, and (v) the
8 other states in whose directory the manufacturer and brand family of
9 those cigarettes were listed at the time and whose stamps the person is
10 authorized to affix; and

11 (b) In the case of acquisition, purchase, or possession, the details
12 of the person's subsequent sale or transfer of those cigarettes,
13 identifying by name and number of cigarettes (i) the brand families of
14 those cigarettes, (ii) the date of the sale or transfer, (iii) the name
15 and address of the recipient, (iv) the number of stamps of each other
16 state that the person affixed to the packages containing those cigarettes
17 during that month, (v) the total number of cigarettes contained in the
18 packages to which it affixed each respective other state's stamp, (vi)
19 the manufacturers and brand families of the packages to which it affixed
20 each respective other state's stamp, and (vii) a certification that it
21 reported each sale or transfer to the taxing authority of the other state
22 by fifteen days following the end of the month in which the sale or
23 transfer was made and attaching a copy of all such reports. If the
24 subsequent sale or transfer is from this state into another state in
25 packages not bearing a stamp of the other state, the report shall also
26 contain the information described in subdivision (2)(c) of section
27 77-2604.01.

28 (2) Reports under this section shall be in addition to reports under
29 sections 69-2708, 77-2604, and 77-2604.01.

30 Sec. 5. Section 77-1333, Revised Statutes Cumulative Supplement,
31 2016, is amended to read:

1 77-1333 (1) For purposes of this section, rent-restricted housing
2 project means a project consisting of five or more houses or residential
3 units that has received an allocation of federal low-income housing tax
4 credits under section 42 of the Internal Revenue Code from the Nebraska
5 Investment Finance Authority or its successor agency and, for the year of
6 assessment, is a project as defined in section 58-219 involving rental
7 housing as defined in section 58-220.

8 (2) The Legislature finds that:

9 (a) The provision of safe, decent, and affordable housing to all
10 residents of the State of Nebraska is a matter of public concern and
11 represents a legitimate and compelling state need, affecting the general
12 welfare of all residents;

13 (b) Rent-restricted housing projects effectively provide safe,
14 decent, and affordable housing for residents of Nebraska;

15 (c) Such projects are restricted by federal law as to the rents paid
16 by the tenants thereof;

17 (d) Of all the professionally accepted mass appraisal methodologies,
18 which include the sales comparison approach, the income approach, and the
19 cost approach, the utilization of the income-approach methodology results
20 in the most accurate determination of the actual value of such projects;
21 and

22 (e) This section is intended to (i) further the provision of safe,
23 decent, and affordable housing to all residents of Nebraska and (ii)
24 comply with Article VIII, section 1, of the Constitution of Nebraska,
25 which empowers the Legislature to prescribe standards and methods for the
26 determination of value of real property at uniform and proportionate
27 values.

28 (3) Except as otherwise provided in this section, the county
29 assessor shall utilize an income-approach calculation to determine the
30 actual value of a rent-restricted housing project when determining the
31 assessed valuation to place on the property for each assessment year. The

1 income-approach calculation shall be consistent with this section and any
2 rules and regulations adopted and promulgated by the Tax Commissioner and
3 shall comply with professionally accepted mass appraisal techniques.

4 (4) The Rent-Restricted Housing Projects Valuation Committee is
5 created. For administrative purposes only, the committee shall be within
6 the Department of Revenue. The committee's purpose shall be to develop a
7 market-derived capitalization rate to be used by county assessors in
8 determining the assessed valuation for rent-restricted housing projects.
9 The committee shall consist of the following four persons:

10 (a) A representative of county assessors appointed by the Tax
11 Commissioner. Such representative shall be skilled in the valuation of
12 property and shall hold a certificate issued under section 77-422;

13 (b) A representative of the low-income housing industry appointed by
14 the Tax Commissioner. The appointment shall be based on a recommendation
15 made by the Nebraska Commission on Housing and Homelessness;

16 (c) The Property Tax Administrator or a designee of the Property Tax
17 Administrator who holds a certificate issued under section 77-422. Such
18 person shall serve as the chairperson of the committee; and

19 (d) An appraiser from the private sector appointed by the Tax
20 Commissioner. Such appraiser must hold either a valid credential as a
21 certified general real property appraiser under the Real Property
22 Appraiser Act or an MAI designation from the Appraisal Institute.

23 (5) The owner of a rent-restricted housing project shall file a
24 statement electronically on a form prescribed by the Tax Commissioner
25 with the Rent-Restricted Housing Projects Valuation Committee ~~and the~~
26 ~~county assessor~~ on or before July ~~October~~ 1 of each year that details
27 actual income and actual expense data for the prior year, a description
28 of any land-use restrictions, a description of the terms of any mortgage
29 loans, including loan amount, interest rate, and amortization period, and
30 such other information as the committee or the county assessor may
31 require for purposes of this section. The Department of Revenue, on

1 behalf of the committee, shall forward such statements on or before
2 August 15 of each year to the county assessor of each county in which a
3 rent-restricted housing project is located.

4 (6) The Rent-Restricted Housing Projects Valuation Committee shall
5 meet annually in November to examine the information on rent-restricted
6 housing projects that was provided pursuant to subsection (5) of this
7 section. The Department of Revenue shall electronically publish notice of
8 such meeting no less than thirty days in advance. The committee shall
9 also solicit information on the sale of any such rent-restricted housing
10 projects and information on the yields generated to investors in rent-
11 restricted housing projects. The committee shall, after reviewing all
12 such information, calculate a market-derived capitalization rate on an
13 annual basis using the band-of-investment technique or other generally
14 accepted technique used to derive capitalization rates depending upon the
15 data available. The capitalization rate shall be a composite rate
16 weighted by the proportions of total property investment represented by
17 equity and debt, with equity weighted at eighty percent and debt weighted
18 at twenty percent unless a substantially different market capital
19 structure can be verified to the county assessor. The yield for equity
20 shall be calculated using the data on investor returns gathered by the
21 committee. The yield for debt shall be calculated using the data provided
22 to the committee pursuant to subsection (5) of this section. If the
23 committee determines that a particular county or group of counties
24 requires a different capitalization rate than that calculated for the
25 rest of the state pursuant to this subsection, then the committee may
26 calculate an additional capitalization rate that will apply only to such
27 county or group of counties.

28 (7) After the Rent-Restricted Housing Projects Valuation Committee
29 has calculated the capitalization rate or rates under subsection (6) of
30 this section, the committee shall provide such rate or rates and the
31 information reviewed by the committee in calculating such rate or rates

1 in an annual report. Such report shall be forwarded by the Property Tax
2 Administrator to each county assessor in Nebraska no later than December
3 1 of each year for his or her use in determining the valuation of rent-
4 restricted housing projects. The Department of Revenue shall publish the
5 annual report electronically but may charge a fee for paper copies. The
6 Tax Commissioner shall set the fee based on the reasonable cost of
7 producing the report.

8 (8) Except as provided in subsections (9) through (11) of this
9 section, each county assessor shall use the capitalization rate or rates
10 contained in the report received under subsection (7) of this section and
11 the actual income and actual expense data filed by owners of rent-
12 restricted housing projects under subsection (5) of this section in the
13 county assessor's income-approach calculation. Any low-income housing tax
14 credits authorized under section 42 of the Internal Revenue Code that
15 were granted to owners of the project shall not be considered income for
16 purposes of the calculation.

17 (9) If the actual income and actual expense data required to be
18 filed for a rent-restricted housing project under subsection (5) of this
19 section is not filed in a timely manner, the county assessor may use any
20 method for determining actual value for such rent-restricted housing
21 project that is consistent with professionally accepted mass appraisal
22 methods described in section 77-112.

23 (10) If a county assessor, based on the facts and circumstances,
24 believes that the income-approach calculation does not result in a
25 valuation of a rent-restricted housing project at actual value, then the
26 county assessor shall present such facts and circumstances to the county
27 board of equalization. If the county board of equalization, based on such
28 facts and circumstances, concurs with the county assessor, then the
29 county board of equalization shall petition the Tax Equalization and
30 Review Commission to consider the county assessor's utilization of
31 another professionally accepted mass appraisal technique that, based on

1 the facts and circumstances presented by a county board of equalization,
2 would result in a substantially different determination of actual value
3 of the rent-restricted housing project. Petitions must be filed no later
4 than January 31. The burden of proof is on the petitioning county board
5 of equalization to show that failure to make a determination that a
6 different methodology should be used would result in a value that is not
7 equitable and in accordance with the law. At the hearing, the commission
8 may receive testimony from any interested person. After a hearing, the
9 commission shall, within the powers granted in section 77-5007, enter its
10 order based on evidence presented to it at such hearing.

11 (11) If the Tax Commissioner, based on the facts and circumstances,
12 believes that the applicable capitalization rate set by the Rent-
13 Restricted Housing Projects Valuation Committee to value a rent-
14 restricted housing project does not result in a valuation at actual value
15 for such rent-restricted housing project, then the Tax Commissioner shall
16 petition the Tax Equalization and Review Commission to consider an
17 adjustment to the capitalization rate of such rent-restricted housing
18 project. Petitions must be filed no later than January 31. The burden of
19 proof is on the Tax Commissioner to show that failure to make an
20 adjustment to the capitalization rate employed would result in a value
21 that is not equal to the rent-restricted housing project's actual value.
22 At the hearing, the commission may receive testimony from any interested
23 person. After a hearing, the commission shall, within the powers granted
24 in section 77-5007, enter its order based on evidence presented to it at
25 such hearing.

26 Sec. 6. Section 77-1832, Revised Statutes Cumulative Supplement,
27 2016, is amended to read:

28 77-1832 (1) Service of the notice provided by section 77-1831 shall
29 be made by:

30 (a) Personal, ~~or~~ residence, certified mail, or designated delivery
31 service as described in section 25-505.01 upon every person in actual

1 possession or occupancy of the real property who qualifies as an owner-
2 occupant under section 77-1824.01; or

3 (b) Certified mail service as described in section 25-505.01 ~~r~~
4 ~~return receipt requested,~~ upon:

5 (i) The ~~the~~ person in whose name the title to the real property
6 appears of record who does not qualify as an owner-occupant under section
7 77-1824.01. The notice shall be sent to the name and address to which
8 ~~where~~ the property tax statement was mailed; and

9 (ii) Every ~~upon every~~ encumbrancer of record in the office of the
10 register of deeds of the county. The notice shall be sent whenever the
11 ~~record of a lien shows the post office address of the lienholder,~~ notice
12 ~~shall be sent by certified mail, return receipt requested,~~ to the
13 encumbrancer's name and holder of such lien at the address appearing of
14 record as shown in the encumbrance filed with the register of deeds.

15 (2) Personal or residence service shall be made by the county
16 sheriff of the county where service is made or by a person authorized by
17 section 25-507. The sheriff or other person serving the notice shall be
18 entitled to the statutory fee prescribed in section 33-117. Within twenty
19 days after the date of request for service of the notice, the person
20 serving the notice ~~of service~~ shall (a) make proof of service to the
21 person requesting the service and state the time and place of service
22 including the address if applicable, the name of the person with whom the
23 notice was left, and the method of service or (b) return the proof of
24 service with a statement of the reason for the failure to serve. Failure
25 to make proof of service or delay in doing so does not affect the
26 validity of the service.

27 Sec. 7. Section 77-1833, Revised Statutes Cumulative Supplement,
28 2016, is amended to read:

29 77-1833 The service of notice provided by section 77-1832 shall be
30 proved by affidavit, and the notice and affidavit shall be filed and
31 preserved in the office of the county treasurer. The purchaser or

1 assignee shall also affirm in the affidavit that a title search was
2 conducted to determine those persons entitled to notice pursuant to such
3 section. If certified mail or designated delivery service is used, the
4 The certified mail return receipt or a copy of the signed delivery
5 receipt shall be filed with and accompany the return of service. The
6 affidavit shall be filed with the application for the tax deed pursuant
7 to section 77-1837. For each service of such notice, a fee of one dollar
8 shall be allowed. The amount of such fees shall be noted by the county
9 treasurer in the record opposite the real property described in the
10 notice and shall be collected by the county treasurer in case of
11 redemption for the benefit of the holder of the certificate.

12 Sec. 8. Section 77-1837.01, Revised Statutes Cumulative Supplement,
13 2016, is amended to read:

14 77-1837.01 (1) Except as otherwise provided in subsection (2) of
15 this section, the laws in effect on the date of the issuance of a tax
16 sale certificate govern all matters related to tax deed proceedings,
17 including noticing and application, and foreclosure proceedings. Changes
18 in law shall not apply retroactively with regard to the tax sale
19 certificates previously issued.

20 (2) Tax sale certificates sold and issued between January 1, 2010,
21 and December 31, 2017 ~~2014~~, shall be governed by the laws and statutes
22 that were in effect on December 31, 2009, with regard to all matters
23 relating to tax deed proceedings, including noticing and application, and
24 foreclosure proceedings.

25 Sec. 9. Section 77-2503, Revised Statutes Cumulative Supplement,
26 2016, is amended to read:

27 77-2503 (1) An owner of an affordable housing project seeking a
28 Nebraska affordable housing tax credit shall file an application with the
29 authority on a form prescribed by the authority. A qualified taxpayer
30 shall be allowed a nonrefundable tax credit if the authority determines
31 that the project for which tax credits are sought is a qualified project.

1 (2) If the requirements of subsection (1) of this section are met,
2 the authority shall issue an eligibility statement to the owner of such
3 qualified project stating the amount of Nebraska affordable housing tax
4 credits allocated to the qualified project. The amount of such tax
5 credits shall be the amount of federal low-income housing tax credits
6 available to such project, except as otherwise provided in subsection (4)
7 of this section. Tax credits for each building in a qualified project
8 shall be issued for the first six years of the credit period as defined
9 in 26 U.S.C. 42(f)(1), except that any reduction in the credit allowable
10 in the first year of the credit period due to the calculation in 26
11 U.S.C. 42(f)(2) shall be allowable in the seventh year of the credit
12 period. The authority shall only allocate tax credits to qualified
13 projects that are placed in service after January 1, 2018.

14 (3) If the owner of the qualified project is (a) a partnership, (b)
15 a limited liability company, or (c) a corporation having an election in
16 effect under subchapter S of the Internal Revenue Code of 1986, as
17 amended, the The Nebraska affordable housing tax credit shall be
18 allocated among some or all of the partners, members, or shareholders of
19 the owner of the qualified project in any manner agreed to by such
20 persons. A qualified taxpayer may transfer, sell, or assign all or part
21 of his or her ownership interest, including his or her interest in the
22 tax credits authorized in this section. For any tax year in which such an
23 interest is transferred, sold, or assigned pursuant to this subsection,
24 the transferor assignor shall notify the Department of Revenue of the
25 transfer, sale, or assignment and provide the tax identification number
26 of the new owner at least thirty days prior to the new owner claiming the
27 tax credits. The notification shall be in the manner prescribed by the
28 department file a written statement with his or her tax return specifying
29 the amount of the credits assigned.

30 (4) The maximum amount of Nebraska affordable housing tax credits
31 awarded to all qualified projects in any given allocation year shall be

1 no more than one hundred percent of the total amount of federal low-
2 income housing tax credits awarded by the authority in the same
3 allocation year. Notwithstanding any other provision of the Affordable
4 Housing Tax Credit Act, the authority is prohibited from awarding to a
5 qualified project any combined amount of federal low-income housing tax
6 credits and Nebraska affordable housing tax credits that is more than
7 necessary to make the qualified project financially feasible.

8 (5) Any Nebraska affordable housing tax credits granted under this
9 section may be used to offset any income taxes due under section 77-2715
10 or 77-2734.02, any premium and related retaliatory taxes due under
11 section 44-150 or 77-908, or any franchise taxes due under sections
12 77-3801 to 77-3807.

13 (6) The tax credit shall not be used to reduce the tax liability of
14 the qualified taxpayer to less than zero. Any tax credit claimed but not
15 used in a taxable year may be carried forward.

16 Sec. 10. Section 77-2506, Revised Statutes Cumulative Supplement,
17 2016, is amended to read:

18 77-2506 If a portion of any federal low-income housing tax credits
19 taken on a qualified project is required to be recaptured or is otherwise
20 disallowed under 26 U.S.C. 42 during the 6-year period described in
21 subsection (2) of section 77-2503, a portion of the Nebraska affordable
22 housing tax credits with respect to such project shall also be recaptured
23 from the qualified taxpayer who claimed such credits. The percentage of
24 Nebraska affordable housing tax credits subject to recapture under this
25 section shall be equal to the percentage of federal low-income housing
26 tax credits subject to recapture or otherwise disallowed during such
27 period. Any Nebraska affordable housing tax credits recaptured or
28 disallowed under this section shall increase the tax liability of ~~be~~
29 ~~considered income~~ to the qualified taxpayer who claimed the credits ~~in a~~
30 ~~like amount, and such income shall be recognized by the qualified~~
31 ~~taxpayer~~ in the year the Department of Revenue declares the tax credits

1 to be disallowed or recaptured.

2 Sec. 11. Section 77-2604, Revised Statutes Cumulative Supplement,
3 2016, is amended to read:

4 77-2604 (1) Every stamping agent, wholesale dealer, and retail
5 dealer who is subject to sections 77-2601 to 77-2622 shall make and file
6 with the Tax Commissioner, on or before the fifteenth day of each
7 calendar month in the manner prescribed ~~on blanks furnished~~ by the Tax
8 Commissioner, true, correct, and sworn reports covering, for the last
9 preceding calendar month, the number of cigarettes purchased, from whom
10 purchased, the specific kinds and brands thereof, the manufacturer, if
11 known, and such other matters and in such detail as the Tax Commissioner
12 may require.

13 (2)(a) Each manufacturer and importer that sells cigarettes in or
14 into the state shall, within fifteen days following the end of each
15 month, file a report ~~on a form and~~ in the manner prescribed by the Tax
16 Commissioner and certify to the state that the report is complete and
17 accurate.

18 (b) The report shall contain the following information: The total
19 number of cigarettes sold by that manufacturer or importer in or into the
20 state during that month and identifying by name and number of cigarettes,
21 (i) the manufacturers of those cigarettes, (ii) the brand families of
22 those cigarettes, and (iii) the purchasers of those cigarettes. A
23 manufacturer's or importer's report shall include cigarettes sold in or
24 into the state through its sales entity affiliate.

25 (c) The requirements of this subsection shall be satisfied and no
26 further report shall be required under this section with respect to
27 cigarettes if the manufacturer or importer timely submits to the Tax
28 Commissioner the report or reports required to be submitted by it with
29 respect to those cigarettes under 15 U.S.C. 376 to the Tax Commissioner
30 and certifies to the state that the reports are complete and accurate.

31 (d) Upon request by the Tax Commissioner, a manufacturer or importer

1 shall provide copies of all sales reports referenced in subdivisions (2)
2 (a) and (b) of this section that it filed in other states.

3 (e) Each manufacturer and importer that sells cigarettes in or into
4 the state shall either (i) submit its federal excise tax returns and all
5 monthly operational reports on Alcohol and Tobacco Tax and Trade Bureau
6 Form 5210.5 and all adjustments, changes, and amendments to such reports
7 to the Tax Commissioner no later than sixty days after the close of the
8 quarter in which the returns were filed or (ii) submit to the United
9 States Treasury a request or consent under section 6103(c) of the
10 Internal Revenue Code of 1986 as defined in section 49-801.01 authorizing
11 the federal Alcohol and Tobacco Tax and Trade Bureau and, in the case of
12 a foreign manufacturer or importer, the United States Customs Service to
13 disclose the manufacturer's or importer's federal returns to the Tax
14 Commissioner as of sixty days after the close of the quarter in which the
15 returns were filed.

16 Sec. 12. Section 77-2604.01, Revised Statutes Cumulative Supplement,
17 2016, is amended to read:

18 77-2604.01 (1) Any person that sells cigarettes from this state into
19 another state shall, within fifteen days following the end of each month,
20 file a report ~~on a form and~~ in the manner prescribed by the Tax
21 Commissioner and certify to the state that the report is complete and
22 accurate.

23 (2) The report shall contain the following information:

24 (a) The total number of cigarettes sold from this state into another
25 state by the person during that month, identifying by name and number of
26 cigarettes (i) the manufacturers of those cigarettes, (ii) the brand
27 families of those cigarettes, and (iii) the name and address of each
28 recipient of those cigarettes;

29 (b) The number of stamps of each other state the person affixed to
30 the packages containing those cigarettes during that month, the total
31 number of cigarettes contained in the packages to which it affixed each

1 respective other state's stamp and by name and number of cigarettes, and
2 the manufacturers and brand families of the packages to which it affixed
3 each respective other state's stamp; and

4 (c) If the person sold cigarettes during that month from this state
5 into another state in packages not bearing a stamp of the other state,
6 (i) the total number of cigarettes contained in such packages,
7 identifying by name and number of cigarettes, the manufacturers of those
8 cigarettes, the brand families of those cigarettes, and the name and
9 address of each recipient of those cigarettes, and (ii) the person's
10 basis for belief that such state permits the sale of the cigarettes to
11 consumers in a package not bearing a stamp, and the amount of excise,
12 use, or similar tax imposed on the cigarettes paid by the person to such
13 state on the cigarettes. Manufacturers and importers need include the
14 information described in subdivision (2)(c)(i) of this section only as to
15 cigarettes not sold to a person authorized by the law of the other state
16 to affix the stamp required by the other state.

17 (3) In the case of a manufacturer or importer, the report shall
18 include cigarettes sold from this state into another state through its
19 sales entity affiliate. A sales entity affiliate shall file a separate
20 report under this section only to the extent that it sold cigarettes from
21 this state into another state not separately reported under this section
22 by its affiliated manufacturer or importer.

23 Sec. 13. Section 77-2701, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 77-2701 Sections 77-2701 to 77-27,135.01, 77-27,235, 77-27,236, and
26 77-27,238 and section 14 of this act shall be known and may be cited as
27 the Nebraska Revenue Act of 1967.

28 Sec. 14. (1) Within sixty days after an amendment of the Internal
29 Revenue Code is enacted, the Tax Commissioner shall prepare and submit to
30 the Governor, the Legislative Fiscal Analyst, the Speaker of the
31 Legislature, and the chairpersons of the Executive Board of the

1 Legislative Council, the Revenue Committee of the Legislature, and the
2 Appropriations Committee of the Legislature a report that outlines:

3 (a) The changes in the Internal Revenue Code; and

4 (b) The impact of those changes on state revenue and on various
5 classes and types of taxpayers.

6 (2) Subsection (1) of this section does not apply to an amendment of
7 the Internal Revenue Code if the Tax Commissioner determines that the
8 impact of the amendment on state income tax revenue for the fiscal year
9 that begins during the calendar year in which the amendment is enacted
10 will be less than five million dollars.

11 Sec. 15. Section 77-2756, Revised Statutes Cumulative Supplement,
12 2016, is amended to read:

13 77-2756 (1) Except as provided in subsection (2) of this section,
14 every employer or payor required to deduct and withhold income tax under
15 the Nebraska Revenue Act of 1967 shall, for each calendar quarter, on or
16 before the last day of the month following the close of such calendar
17 quarter, file a withholding return as prescribed by the Tax Commissioner
18 and pay over to the Tax Commissioner or to a depository designated by the
19 Tax Commissioner the taxes so required to be deducted and withheld in
20 such form and content as the Tax Commissioner may prescribe and
21 containing such information as the Tax Commissioner deems necessary for
22 the proper administration of the Nebraska Revenue Act of 1967. When the
23 aggregate amount required to be deducted and withheld by any employer or
24 payor for either the first or second month of a calendar quarter exceeds
25 five hundred dollars, the employer or payor shall, by the fifteenth day
26 of the succeeding month, pay over such aggregate amount to the Tax
27 Commissioner or to a depository designated by the Tax Commissioner. The
28 amount so paid shall be allowed as a credit against the liability shown
29 on the employer's or payor's quarterly withholding return required by
30 this section. The Tax Commissioner may, by rule and regulation, provide
31 for the filing of returns and the payment of the tax deducted and

1 withheld on other than a quarterly basis.

2 (2) When the aggregate amount required to be deducted and withheld
3 by any employer or payor for the entire calendar year is less than five
4 hundred dollars or the employer or payor is allowed to file federal
5 withholding returns annually, the employer or payor shall, for each
6 calendar year, on or before the last day of the month following the close
7 of such calendar year, file a withholding return as prescribed by the Tax
8 Commissioner and pay over to the Tax Commissioner or to a depository
9 designated by the Tax Commissioner the taxes so required to be deducted
10 and withheld in such form and content as the Tax Commissioner may
11 prescribe and containing such information as the Tax Commissioner deems
12 necessary for the proper administration of the Nebraska Revenue Act of
13 1967. The employer or payor may elect or the Tax Commissioner may require
14 the filing of returns and the payment of taxes on a quarterly basis.

15 (3) Whenever any employer or payor fails to collect, truthfully
16 account for, pay over, or make returns of the income tax as required by
17 this section, the Tax Commissioner may serve a notice requiring such
18 employer or payor to collect the taxes which become collectible after
19 service of such notice, to deposit such taxes in a bank approved by the
20 Tax Commissioner in a separate account in trust for and payable to the
21 Tax Commissioner, and to keep the amount of such tax in such account
22 until paid over to the Tax Commissioner. Such notice shall remain in
23 effect until a notice of cancellation is served by the Tax Commissioner.

24 (4) Any employer or payor may appoint an agent in accordance with
25 section 3504 of the Internal Revenue Code of 1986, as amended, for the
26 purpose of withholding, reporting, or making payment of amounts withheld
27 on behalf of the employer or payor. The agent shall be considered an
28 employer or payor for purposes of the Nebraska Revenue Act of 1967 and,
29 with the actual employer or payor, shall be jointly and severally liable
30 for any amount required to be withheld and paid over to the Tax
31 Commissioner and any additions to tax, penalties, and interest with

1 respect thereto.

2 (5) The employer or payor shall also file on or before January 31
3 ~~February 1~~ of the succeeding year a copy of each statement furnished by
4 such employer or payor to each employee or payee with respect to taxes
5 withheld on wages or payments subject to withholding. Any employer,
6 payor, or agent who furnished more than fifty statements for a year shall
7 file the required copies electronically in a manner approved by the Tax
8 Commissioner that is compatible with federal electronic filing
9 requirements or methods.

10 Sec. 16. Section 77-2783, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 77-2783 In the event that the amount of tax is understated on the
13 taxpayer's return as a result of a mathematical or clerical error, the
14 Tax Commissioner shall notify the taxpayer that an amount of tax in
15 excess of that shown on the return is due and has been assessed and the
16 reasons therefor. Such a notice of additional tax due shall not be
17 considered a notice of deficiency assessment nor shall the taxpayer have
18 any right of protest or appeal as in the case of a deficiency assessment
19 based on such notice, and the assessment and collection of the amount of
20 tax erroneously omitted in the return is not prohibited. For purposes of
21 this section, mathematical or clerical error includes information on the
22 taxpayer's return that is different from information reported to the
23 Internal Revenue Service or the Tax Commissioner, including, but not
24 limited to, information reported on Form W-2 and Form 1099.

25 Sec. 17. Section 77-2785, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 77-2785 (1) The amount of income tax which is shown to be due on an
28 income tax return, including revisions for mathematical or clerical
29 errors, shall be deemed to be assessed on the date of filing of the
30 return including any amended returns showing an increase of tax. In the
31 case of a return properly filed without the computation of the tax, the

1 tax computed by the Tax Commissioner shall be deemed to be assessed on
2 the date when payment is due. If a notice of deficiency has been mailed,
3 the amount of the deficiency shall be deemed to be assessed on the date
4 provided in section 77-2777 if no protest is filed or, if a protest is
5 filed, then upon the date when the determination of the Tax Commissioner
6 becomes final. If an amended return or report filed pursuant to the
7 provisions of section 77-2775 concedes the accuracy of a federal change
8 or correction or a state change or correction which has become final on
9 or after May 1, 1993, any deficiency in the income tax under the Nebraska
10 Revenue Act of 1967 resulting therefrom shall be deemed to be assessed on
11 the date of filing such report or amended return and such assessment
12 shall be timely notwithstanding any other provisions of such act. Any
13 amount paid as a tax or in respect of a tax, other than amounts withheld
14 at the source or paid as estimated income tax, shall be deemed to be
15 assessed upon the date of receipt of payment notwithstanding any other
16 provision of such act.

17 (2) If the mode or time for the assessment of income tax under the
18 provisions of the Nebraska Revenue Act of 1967, including interest,
19 additions to tax, and penalties, is not otherwise provided for, the Tax
20 Commissioner may establish the same by regulation.

21 (3) The Tax Commissioner may, at any time within the period
22 prescribed for assessment, make a supplemental assessment, subject to the
23 provisions of section 77-2776 when applicable, whenever it is found that
24 any assessment is imperfect or incomplete in any material aspect.

25 (4) If the Tax Commissioner believes that the assessment or
26 collection of a deficiency will be jeopardized by delay, by the frivolous
27 objections of any person to compliance with the Nebraska Revenue Act of
28 1967, or by the attempt of any person to impede the administration of
29 such act, he or she shall, notwithstanding the provisions of section
30 77-2786, immediately assess such tax, including interest and additions to
31 tax, and penalties as provided by law and give notice and demand for

1 payment to such person. When an assessment is made under this subsection,
2 collection proceedings may be stayed by application for review and the
3 posting of such security as may be required by the Tax Commissioner under
4 section 77-27,129.

5 Sec. 18. Section 77-27,238, Revised Statutes Cumulative Supplement,
6 2016, is amended to read:

7 77-27,238 (1) For taxable years beginning or deemed to begin on or
8 after January 1, 2017, there shall be allowed to an employer of any
9 eligible employee a nonrefundable credit, for not more than two years,
10 against the income tax imposed by the Nebraska Revenue Act of 1967 in the
11 amount of twenty percent of the employer's annual expenditures for any of
12 the following services that are provided to eligible employees and that
13 are incidental to the employer's business:

14 (a) The payment of tuition at a Nebraska public institution of
15 postsecondary education or the payment of the costs associated with a
16 high school equivalency program for eligible employees; and

17 (b) The provision of transportation of eligible employees to and
18 from work.

19 (2) The credit allowed under this section for any taxable year shall
20 not exceed the employer's actual tax liability for such taxable year.

21 (3) The Department of Revenue shall submit a report electronically
22 to the Clerk of the Legislature on or before July 1 of each year on (a)
23 the number of employers claiming a credit under this section and (b) the
24 number of eligible employees receiving the services for which credits are
25 claimed.

26 (4) The Department of Revenue, in consultation with the Department
27 of Health and Human Services, shall develop a process to verify that any
28 employer claiming credits under this section qualifies for such credits.

29 (5) The Department of Revenue may adopt and promulgate rules and
30 regulations necessary to carry out this section.

31 (6) For purposes of this section, eligible employee means a parent

1 or caretaker responsible relative (a) who is a member of a unit family
2 that received benefits under the state or federally funded Temporary
3 Assistance for Needy Families program established in 42 U.S.C. 601 et
4 seq., for any nine months of the eighteen-month period immediately prior
5 to the employee's hiring date and (b) whose hiring date is on or after
6 the first day of the taxable year for which the credit is claimed.

7 Sec. 19. Section 77-3510, Revised Statutes Cumulative Supplement,
8 2016, is amended to read:

9 77-3510 On or before February 1 of each year, the Tax Commissioner
10 shall prescribe forms to be used by all claimants for homestead exemption
11 or for transfer of homestead exemption. Such forms shall contain
12 provisions for the showing of all information which the Tax Commissioner
13 may deem necessary to (1) enable the county officials and the Tax
14 Commissioner to determine whether each claim for exemption under sections
15 77-3506 and 77-3507 to 77-3509 should be allowed and (2) enable the
16 county assessor to determine whether each claim for transfer of homestead
17 exemption pursuant to section 77-3509.01 should be allowed. It shall be
18 the duty of the county assessor of each county in this state to furnish
19 such forms, upon request, to each person desiring to make application for
20 homestead exemption or for transfer of homestead exemption. The forms so
21 prescribed shall be used uniformly throughout the state, and no
22 application for exemption or for transfer of homestead exemption shall be
23 allowed unless the applicant uses the prescribed form in making an
24 application. The forms shall require the attachment of an income
25 statement for any applicant seeking an exemption under section 77-3507,
26 77-3508, or 77-3509 as prescribed by the Tax Commissioner fully
27 accounting for all household income. The Tax Commissioner shall provide
28 to each county assessor ~~printed~~ claim forms and address lists of
29 applicants from the prior year in the manner approved by the Tax
30 Commissioner. The application and information contained on any
31 attachments to the application shall be confidential and available to tax

1 officials only.

2 Sec. 20. Section 77-3517, Revised Statutes Cumulative Supplement,
3 2016, is amended to read:

4 77-3517 (1) On or before August 1 of each year, the county assessor
5 shall forward the approved applications for homestead exemptions and a
6 copy of the certification of disability status that have been examined
7 pursuant to section 77-3516 to the Tax Commissioner. The Tax Commissioner
8 shall determine if the applicant meets the income requirements and may
9 also review any other application information he or she deems necessary
10 in order to determine whether the application should be approved. The Tax
11 Commissioner shall, on or before November 1, certify his or her
12 determinations to the county assessor. If the application is approved,
13 the county assessor shall make the proper deduction on the assessment
14 rolls. If the application is denied or approved in part, the Tax
15 Commissioner shall notify the applicant of the denial or partial approval
16 by mailing written notice to the applicant at the address shown on the
17 application. The applicant may appeal the Tax Commissioner's denial or
18 partial approval pursuant to section 77-3520. Late applications
19 authorized by the county board shall be processed in a similar manner
20 after approval by the county assessor.

21 (2)(a) Upon his or her own action or upon a request by an applicant,
22 a spouse, or an owner-occupant, the Tax Commissioner may review any
23 information necessary to determine whether an application is in
24 compliance with sections 77-3501 to 77-3529. Any action taken by the Tax
25 Commissioner pursuant to this subsection shall be taken within three
26 years after December 31 of the year in which the exemption was claimed.

27 (b) If after completion of the review the Tax Commissioner
28 determines that an exemption should have been approved or increased, the
29 Tax Commissioner shall notify the applicant, spouse, or owner-occupant
30 and the county treasurer and assessor of his or her determination. The
31 applicant, spouse, or owner-occupant shall receive a refund of the tax,

1 if any, that was paid as a result of the exemption being denied, in whole
2 or in part. The county treasurer shall make the refund and shall amend
3 the county's claim for reimbursement from the state.

4 (c) If after completion of the review the Tax Commissioner
5 determines that an exemption should have been denied or reduced, the Tax
6 Commissioner shall notify the applicant, spouse, or owner-occupant of
7 such denial or reduction. The applicant, the spouse, and any owner-
8 occupant may appeal the Tax Commissioner's denial or reduction pursuant
9 to section 77-3520. Upon the expiration of the appeal period in section
10 77-3520, the Tax Commissioner shall notify the county assessor of the
11 denial or reduction and the county assessor shall remove or reduce the
12 exemption from the tax rolls of the county. Upon notification by the Tax
13 Commissioner to the county assessor, the amount of tax due as a result of
14 the action of the Tax Commissioner shall become a lien on the homestead
15 until paid. Upon attachment of the lien, the county treasurer shall
16 refund to the Tax Commissioner the amount of tax equal to the denied or
17 reduced exemption for deposit into the General Fund. No lien shall be
18 created if a change in ownership of the homestead or death of the
19 applicant, the spouse, and all other owner-occupants has occurred prior
20 to the Tax Commissioner's notice to the county assessor. Beginning thirty
21 days after the county assessor receives approval from the county board to
22 remove or reduce the exemption from the tax rolls of the county, interest
23 at the rate specified in section 45-104.01, as such rate may from time to
24 time be adjusted by the Legislature, shall begin to accrue on the amount
25 of tax due.

26 Sec. 21. Section 77-4212, Revised Statutes Cumulative Supplement,
27 2016, is amended to read:

28 77-4212 (1) For tax year 2007, the amount of relief granted under
29 the Property Tax Credit Act shall be one hundred five million dollars.
30 For tax year 2008, the amount of relief granted under the act shall be
31 one hundred fifteen million dollars. It is the intent of the Legislature

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

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

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

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

1 fee retained by the county in such year, and the amount of unused credits
2 returned.

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

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

31 (5) For purposes of this section, credit allocation valuation means

1 the taxable value for all real property except agricultural land and
2 horticultural land, one hundred twenty percent of taxable value for
3 agricultural land and horticultural land that is not subject to special
4 valuation, and one hundred twenty percent of taxable value for
5 agricultural land and horticultural land that is subject to special
6 valuation.

7 (6) The State Treasurer shall transfer from the General Fund to the
8 Property Tax Credit Cash Fund one hundred five million dollars by August
9 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

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

12 Sec. 22. Section 77-5725, Revised Statutes Cumulative Supplement,
13 2016, is amended to read:

14 77-5725 (1) Applicants may qualify for benefits under the Nebraska
15 Advantage Act in one of six tiers:

16 (a) Tier 1, investment in qualified property of at least one million
17 dollars and the hiring of at least ten new employees. There shall be no
18 new project applications for benefits under this tier filed after
19 December 31, 2020. All complete project applications filed on or before
20 December 31, 2020, shall be considered by the Tax Commissioner and
21 approved if the project and taxpayer qualify for benefits. Agreements may
22 be executed with regard to completed project applications filed on or
23 before December 31, 2020. All project agreements pending, approved, or
24 entered into before such date shall continue in full force and effect;

25 (b) Tier 2, (i) investment in qualified property of at least three
26 million dollars and the hiring of at least thirty new employees or (ii)
27 for a large data center project, investment in qualified property for the
28 data center of at least two hundred million dollars and the hiring for
29 the data center of at least thirty new employees. There shall be no new
30 project applications for benefits under this tier filed after December
31 31, 2020. All complete project applications filed on or before December

1 31, 2020, shall be considered by the Tax Commissioner and approved if the
2 project and taxpayer qualify for benefits. Agreements may be executed
3 with regard to completed project applications filed on or before December
4 31, 2020. All project agreements pending, approved, or entered into
5 before such date shall continue in full force and effect;

6 (c) Tier 3, the hiring of at least thirty new employees. There shall
7 be no new project applications for benefits under this tier filed after
8 December 31, 2020. All complete project applications filed on or before
9 December 31, 2020, shall be considered by the Tax Commissioner and
10 approved if the project and taxpayer qualify for benefits. Agreements may
11 be executed with regard to completed project applications filed on or
12 before December 31, 2020. All project agreements pending, approved, or
13 entered into before such date shall continue in full force and effect;

14 (d) Tier 4, investment in qualified property of at least ten million
15 dollars and the hiring of at least one hundred new employees. There shall
16 be no new project applications for benefits under this tier filed after
17 December 31, 2020. All complete project applications filed on or before
18 December 31, 2020, shall be considered by the Tax Commissioner and
19 approved if the project and taxpayer qualify for benefits. Agreements may
20 be executed with regard to completed project applications filed on or
21 before December 31, 2020. All project agreements pending, approved, or
22 entered into before such date shall continue in full force and effect;

23 (e) Tier 5, (i) investment in qualified property of at least thirty
24 million dollars or (ii) for the production of electricity by using one or
25 more sources of renewable energy to produce electricity for sale as
26 described in subdivision (1)(j) of section 77-5715, investment in
27 qualified property of at least twenty million dollars. Failure to
28 maintain an average number of equivalent employees as defined in section
29 77-5727 greater than or equal to the number of equivalent employees in
30 the base year shall result in a partial recapture of benefits. There
31 shall be no new project applications for benefits under this tier filed

1 after December 31, 2020. All complete project applications filed on or
2 before December 31, 2020, shall be considered by the Tax Commissioner and
3 approved if the project and taxpayer qualify for benefits. Agreements may
4 be executed with regard to completed project applications filed on or
5 before December 31, 2020. All project agreements pending, approved, or
6 entered into before such date shall continue in full force and effect;
7 and

8 (f) Tier 6, investment in qualified property of at least ten million
9 dollars and the hiring of at least seventy-five new employees or the
10 investment in qualified property of at least one hundred million dollars
11 and the hiring of at least fifty new employees. There shall be no new
12 project applications for benefits under this tier filed after December
13 31, 2020. All complete project applications filed on or before December
14 31, 2020, shall be considered by the Tax Commissioner and approved if the
15 project and taxpayer qualify for benefits. Agreements may be executed
16 with regard to completed project applications filed on or before December
17 31, 2020. All project agreements pending, approved, or entered into
18 before such date shall continue in full force and effect.

19 (2) When the taxpayer has met the required levels of employment and
20 investment contained in the agreement for a tier 1, tier 2, tier 4, tier
21 5, or tier 6 project, the taxpayer shall be entitled to the following
22 incentives:

23 (a) A refund of all sales and use taxes for a tier 2, tier 4, tier
24 5, or tier 6 project or a refund of one-half of all sales and use taxes
25 for a tier 1 project paid under the Local Option Revenue Act, the
26 Nebraska Revenue Act of 1967, and sections 13-319, 13-324, and 13-2813
27 from the date of the application through the meeting of the required
28 levels of employment and investment for all purchases, including rentals,
29 of:

30 (i) Qualified property used as a part of the project;

31 (ii) Property, excluding motor vehicles, based in this state and

1 used in both this state and another state in connection with the project
2 except when any such property is to be used for fundraising for or for
3 the transportation of an elected official;

4 (iii) Tangible personal property by a contractor or repairperson
5 after appointment as a purchasing agent of the owner of the improvement
6 to real estate when such property is incorporated into real estate as a
7 part of a project. The refund shall be based on fifty percent of the
8 contract price, excluding any land, as the cost of materials subject to
9 the sales and use tax;

10 (iv) Tangible personal property by a contractor or repairperson
11 after appointment as a purchasing agent of the taxpayer when such
12 property is annexed to, but not incorporated into, real estate as a part
13 of a project. The refund shall be based on the cost of materials subject
14 to the sales and use tax that were annexed to real estate; and

15 (v) Tangible personal property by a contractor or repairperson after
16 appointment as a purchasing agent of the taxpayer when such property is
17 both (A) incorporated into real estate as a part of a project and (B)
18 annexed to, but not incorporated into, real estate as a part of a
19 project. The refund shall be based on fifty percent of the contract
20 price, excluding any land, as the cost of materials subject to the sales
21 and use tax; and

22 (b) A refund of all sales and use taxes for a tier 2, tier 4, tier
23 5, or tier 6 project or a refund of one-half of all sales and use taxes
24 for a tier 1 project paid under the Local Option Revenue Act, the
25 Nebraska Revenue Act of 1967, and sections 13-319, 13-324, and 13-2813 on
26 the types of purchases, including rentals, listed in subdivision (a) of
27 this subsection for such taxes paid during each year of the entitlement
28 period in which the taxpayer is at or above the required levels of
29 employment and investment.

30 (3) Any taxpayer who qualifies for a tier 1, tier 2, tier 3, or tier
31 4 project shall be entitled to a credit equal to three percent times the

1 average wage of new employees times the number of new employees if the
2 average wage of the new employees equals at least sixty percent of the
3 Nebraska average annual wage for the year of application. The credit
4 shall equal four percent times the average wage of new employees times
5 the number of new employees if the average wage of the new employees
6 equals at least seventy-five percent of the Nebraska average annual wage
7 for the year of application. The credit shall equal five percent times
8 the average wage of new employees times the number of new employees if
9 the average wage of the new employees equals at least one hundred percent
10 of the Nebraska average annual wage for the year of application. The
11 credit shall equal six percent times the average wage of new employees
12 times the number of new employees if the average wage of the new
13 employees equals at least one hundred twenty-five percent of the Nebraska
14 average annual wage for the year of application. For computation of such
15 credit:

16 (a) Average annual wage means the total compensation paid to
17 employees during the year at the project who are not base-year employees
18 and who are paid wages equal to at least sixty percent of the Nebraska
19 average weekly wage for the year of application, excluding any
20 compensation in excess of one million dollars paid to any one employee
21 during the year, divided by the number of equivalent employees making up
22 such total compensation;

23 (b) Average wage of new employees means the average annual wage paid
24 to employees during the year at the project who are not base-year
25 employees and who are paid wages equal to at least sixty percent of the
26 Nebraska average weekly wage for the year of application, excluding any
27 compensation in excess of one million dollars paid to any one employee
28 during the year; and

29 (c) Nebraska average annual wage means the Nebraska average weekly
30 wage times fifty-two.

31 (4) Any taxpayer who qualifies for a tier 6 project shall be

1 entitled to a credit equal to ten percent times the total compensation
2 paid to all employees, other than base-year employees, excluding any
3 compensation in excess of one million dollars paid to any one employee
4 during the year, employed at the project.

5 (5) Any taxpayer who has met the required levels of employment and
6 investment for a tier 2 or tier 4 project shall receive a credit equal to
7 ten percent of the investment made in qualified property at the project.
8 Any taxpayer who has met the required levels of investment and employment
9 for a tier 1 project shall receive a credit equal to three percent of the
10 investment made in qualified property at the project. Any taxpayer who
11 has met the required levels of investment and employment for a tier 6
12 project shall receive a credit equal to fifteen percent of the investment
13 made in qualified property at the project.

14 (6) The credits prescribed in subsections (3), (4), and (5) of this
15 section shall be allowable for compensation paid and investments made
16 during each year of the entitlement period that the taxpayer is at or
17 above the required levels of employment and investment.

18 (7) The credit prescribed in subsection (5) of this section shall
19 also be allowable during the first year of the entitlement period for
20 investment in qualified property at the project after the date of the
21 application and before the required levels of employment and investment
22 were met.

23 (8)(a) Property described in subdivisions (8)(c)(i) through (v) of
24 this section used in connection with a project or projects, whether
25 purchased or leased, and placed in service ~~acquired~~ by the taxpayer,
26 ~~whether by lease or purchase~~, after the date the application was filed,
27 shall constitute separate classes of property and are eligible for
28 exemption under the conditions and for the time periods provided in
29 subdivision (8)(b) of this section.

30 (b)(i) A taxpayer who has met the required levels of employment and
31 investment for a tier 4 project shall receive the exemption of property

1 in subdivisions (8)(c)(ii), (iii), and (iv) of this section. A taxpayer
2 who has met the required levels of employment and investment for a tier 6
3 project shall receive the exemption of property in subdivisions (8)(c)
4 (ii), (iii), (iv), and (v) of this section. Such property shall be
5 eligible for the exemption from the first January 1 following the end of
6 the year during which the required levels were exceeded through the ninth
7 December 31 after the first year property included in subdivisions (8)(c)
8 (ii), (iii), (iv), and (v) of this section qualifies for the exemption.

9 (ii) A taxpayer who has filed an application that describes a tier 2
10 large data center project or a project under tier 4 or tier 6 shall
11 receive the exemption of property in subdivision (8)(c)(i) of this
12 section beginning with the first January 1 following the ~~date acquisition~~
13 ~~of the property was placed in service~~. The exemption shall continue
14 through the end of the period property included in subdivisions (8)(c)
15 (ii), (iii), (iv), and (v) of this section qualifies for the exemption.

16 (iii) A taxpayer who has filed an application that describes a tier
17 2 large data center project or a tier 5 project that is sequential to a
18 tier 2 large data center project for which the entitlement period has
19 expired shall receive the exemption of all property in subdivision (8)(c)
20 of this section beginning any January 1 after the ~~date acquisition~~ of the
21 ~~property was placed in service~~. Such property shall be eligible for
22 exemption from the tax on personal property from the January 1 preceding
23 the first claim for exemption approved under this subdivision through the
24 ninth December 31 after the year the first claim for exemption is
25 approved.

26 (iv) A taxpayer who has a project for an Internet web portal or a
27 data center and who has met the required levels of employment and
28 investment for a tier 2 project or the required level of investment for a
29 tier 5 project, taking into account only the employment and investment at
30 the web portal or data center project, shall receive the exemption of
31 property in subdivision (8)(c)(ii) of this section. Such property shall

1 be eligible for the exemption from the first January 1 following the end
2 of the year during which the required levels were exceeded through the
3 ninth December 31 after the first year any property included in
4 subdivisions (8)(c)(ii), (iii), (iv), and (v) of this section qualifies
5 for the exemption.

6 (v) Such investment and hiring of new employees shall be considered
7 a required level of investment and employment for this subsection and for
8 the recapture of benefits under this subsection only.

9 (c) The following property used in connection with such project or
10 projects, whether purchased or leased, and placed in service ~~acquired~~ by
11 ~~the taxpayer, whether by lease or purchase,~~ after the date the
12 application was filed shall constitute separate classes of personal
13 property:

14 (i) Turbine-powered aircraft, including turboprop, turbojet, and
15 turbofan aircraft, except when any such aircraft is used for fundraising
16 for or for the transportation of an elected official;

17 (ii) Computer systems, made up of equipment that is interconnected
18 in order to enable the acquisition, storage, manipulation, management,
19 movement, control, display, transmission, or reception of data involving
20 computer software and hardware, used for business information processing
21 which require environmental controls of temperature and power and which
22 are capable of simultaneously supporting more than one transaction and
23 more than one user. A computer system includes peripheral components
24 which require environmental controls of temperature and power connected
25 to such computer systems. Peripheral components shall be limited to
26 additional memory units, tape drives, disk drives, power supplies,
27 cooling units, data switches, and communication controllers;

28 (iii) Depreciable personal property used for a distribution
29 facility, including, but not limited to, storage racks, conveyor
30 mechanisms, forklifts, and other property used to store or move products;

31 (iv) Personal property which is business equipment located in a

1 single project if the business equipment is involved directly in the
2 manufacture or processing of agricultural products; and

3 (v) For a tier 2 large data center project or tier 6 project, any
4 other personal property located at the project.

5 (d) In order to receive the property tax exemptions allowed by
6 subdivision (8)(c) of this section, the taxpayer shall annually file a
7 claim for exemption with the Tax Commissioner on or before May 1. The
8 form and supporting schedules shall be prescribed by the Tax Commissioner
9 and shall list all property for which exemption is being sought under
10 this section. A separate claim for exemption must be filed for each
11 project and each county in which property is claimed to be exempt. A copy
12 of this form must also be filed with the county assessor in each county
13 in which the applicant is requesting exemption. The Tax Commissioner
14 shall determine whether a taxpayer is eligible to obtain exemption for
15 personal property based on the criteria for exemption and the eligibility
16 of each item listed for exemption and, on or before August 1, certify
17 such to the taxpayer and to the affected county assessor.

18 (9)(a) The investment thresholds in this section for a particular
19 year of application shall be adjusted by the method provided in this
20 subsection, except that the investment threshold for a tier 5 project
21 described in subdivision (1)(e)(ii) of this section shall not be
22 adjusted.

23 (b) For tier 1, tier 2, tier 4, and tier 5 projects other than tier
24 5 projects described in subdivision (1)(e)(ii) of this section, beginning
25 October 1, 2006, and each October 1 thereafter, the average Producer
26 Price Index for all commodities, published by the United States
27 Department of Labor, Bureau of Labor Statistics, for the most recent
28 twelve available periods shall be divided by the Producer Price Index for
29 the first quarter of 2006 and the result multiplied by the applicable
30 investment threshold. The investment thresholds shall be adjusted for
31 cumulative inflation since 2006.

1 (c) For tier 6, beginning October 1, 2008, and each October 1
2 thereafter, the average Producer Price Index for all commodities,
3 published by the United States Department of Labor, Bureau of Labor
4 Statistics, for the most recent twelve available periods shall be divided
5 by the Producer Price Index for the first quarter of 2008 and the result
6 multiplied by the applicable investment threshold. The investment
7 thresholds shall be adjusted for cumulative inflation since 2008.

8 (d) For a tier 2 large data center project, beginning October 1,
9 2012, and each October 1 thereafter, the average Producer Price Index for
10 all commodities, published by the United States Department of Labor,
11 Bureau of Labor Statistics, for the most recent twelve available periods
12 shall be divided by the Producer Price Index for the first quarter of
13 2012 and the result multiplied by the applicable investment threshold.
14 The investment thresholds shall be adjusted for cumulative inflation
15 since 2012.

16 (e) If the resulting amount is not a multiple of one million
17 dollars, the amount shall be rounded to the next lowest one million
18 dollars.

19 (f) The investment thresholds established by this subsection apply
20 for purposes of project qualifications for all applications filed on or
21 after January 1 of the following year for all years of the project.
22 Adjustments do not apply to projects after the year of application.

23 Sec. 23. Section 77-5902, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 77-5902 The Nebraska Advantage Microenterprise Tax Credit Act shall
26 be administered by the Department of Revenue. The purpose of the act is
27 to provide tax credits to applicants for creating or expanding
28 microbusinesses that contribute to the state's economy ~~revitalization of~~
29 ~~economically distressed areas~~ through the creation of new or improved
30 income, self-employment, or other new jobs ~~in the area~~.

31 Sec. 24. Section 77-5903, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 77-5903 For purposes of the Nebraska Advantage Microenterprise Tax
3 Credit Act:

4 (1) Actively engaged in the operation of a microbusiness means
5 personal involvement on a continuous basis in the daily management and
6 operation of the business;

7 ~~(2) Distressed area means a municipality, county, unincorporated~~
8 ~~area within a county, or census tract in Nebraska that has (a) an~~
9 ~~unemployment rate which exceeds the statewide average unemployment rate,~~
10 ~~(b) a per capita income below the statewide average per capita income, or~~
11 ~~(c) had a population decrease between the two most recent federal~~
12 ~~decennial censuses;~~

13 ~~(2)~~ (3) Equivalent employees means the number of employees computed
14 by dividing the total hours paid in a year by the product of forty times
15 the number of weeks in a year;

16 ~~(3)~~ (4) Microbusiness means any business employing five or fewer
17 equivalent employees at the time of application. Microbusiness does not
18 include a farm or livestock operation unless (a) the person actively
19 engaged in the operation of the microbusiness has a net worth of not more
20 than five hundred thousand dollars, including any holdings by a spouse or
21 dependent, based on fair market value, or (b) the investment or
22 employment is in the processing or marketing of agricultural products,
23 aquaculture, agricultural tourism, or the production of fruits, herbs,
24 tree products, vegetables, tree nuts, dried fruits, organic crops, or
25 nursery crops;

26 ~~(4)~~ (5) New employment means the amount by which the total
27 compensation plus the employer cost for health insurance for employees
28 paid during the tax year to or for employees who are Nebraska residents
29 exceeds the total compensation paid plus the employer cost for health
30 insurance for employees to or for employees who are Nebraska residents in
31 the tax year prior to application. New employment does not include

1 compensation to any employee that is in excess of one hundred fifty
2 percent of the Nebraska average weekly wage. Nebraska average weekly wage
3 means the most recent average weekly wage paid by all employers as
4 reported by October 1 by the Department of Labor;

5 (5) ~~(6)~~ New investment means the increase during the tax year over
6 the year prior to the application in the applicant's (a) purchases of
7 buildings and depreciable personal property located in Nebraska, (b)
8 expenditures on repairs and maintenance on property located in Nebraska,
9 neither subdivision (a) or (b) of this subdivision to include vehicles
10 required to be registered for operation on the roads and highways of this
11 state, and (c) expenditures on advertising, legal, and professional
12 services. If the buildings or depreciable personal property is leased,
13 the amount of new investment shall be the increase in average net annual
14 rents multiplied by the number of years of the lease for which the
15 taxpayer is bound, not to exceed ten years;

16 (6) ~~(7)~~ Related persons means (a) any corporation, partnership,
17 limited liability company, cooperative, including cooperatives exempt
18 under section 521 of the Internal Revenue Code of 1986, as amended,
19 limited cooperative association, or joint venture which is or would
20 otherwise be a member of the same unitary group, if incorporated, or any
21 person who is considered to be a related person under either section
22 267(b) and (c) or section 707(b) of the Internal Revenue Code of 1986, as
23 amended, and (b) any individual who is a spouse, parent if the taxpayer
24 is a minor, or minor son or daughter of the taxpayer; and

25 (7) ~~(8)~~ Taxpayer means any person subject to the income tax imposed
26 by the Nebraska Revenue Act of 1967, any corporation, partnership,
27 limited liability company, cooperative, including a cooperative exempt
28 under section 521 of the Internal Revenue Code of 1986, as amended,
29 limited cooperative association, or joint venture that is or would
30 otherwise be a member of the same unitary group, if incorporated, which
31 is, or whose partners, members, or owners representing an ownership

1 interest of at least ninety percent of such entity are, subject to such
2 tax, and any other partnership, limited liability company, subchapter S
3 corporation, cooperative, including a cooperative exempt under section
4 521 of the Internal Revenue Code of 1986, as amended, limited cooperative
5 association, or joint venture when the partners, shareholders, or members
6 representing an ownership interest of at least ninety percent of such
7 entity are subject to such tax.

8 The changes made to this section by Laws 2008, LB 177, shall be
9 operative for all applications for benefits received on or after July 18,
10 2008.

11 Sec. 25. Section 77-5904, Reissue Revised Statutes of Nebraska, is
12 amended to read:

13 77-5904 (1) The Department of Revenue shall accept applications for
14 tax credits from taxpayers who are actively engaged in the operation of a
15 microbusiness ~~in a distressed area~~ or who will establish a microbusiness
16 that they will actively operate ~~in a distressed area~~ within the current
17 or subsequent tax year. Applications shall be filed by November 1 and
18 shall be complete by December 1 of each calendar year. Any application
19 that is filed after November 1 or that is not complete on December 1
20 shall be considered to be filed during the following calendar year.

21 (2) The department may convene an advisory committee of individuals
22 with expertise in small business development, lending, and community
23 development to evaluate applications and advise the department in
24 authorizing tentative tax credits.

25 (3) The application shall be on a form developed by the department
26 and shall contain:

- 27 (a) A description of the microbusiness;
- 28 (b) The projected income and expenditures;
- 29 (c) The market to be served by the microbusiness and the way the
30 expansion addresses the market;
- 31 (d) The amount of projected investment or employment increase that

1 would generate the credit;

2 (e) The projected improvement in income or creation of new self-
3 employment or other jobs ~~in the distressed area~~;

4 (f) The nature of the applicant's engagement in the operation of the
5 microbusiness; and

6 (g) Other documents, plans, and specifications as required by the
7 department.

8 Sec. 26. Section 77-5905, Revised Statutes Cumulative Supplement,
9 2016, is amended to read:

10 77-5905 (1) If the Department of Revenue determines that an
11 application meets the requirements of section 77-5904 and that the
12 investment or employment is eligible for the credit and (a) the applicant
13 is actively engaged in the operation of the microbusiness or will be
14 actively engaged in the operation upon its establishment, (b) ~~the~~
15 ~~majority of the assets of the microbusiness are located in a distressed~~
16 ~~area or will be upon its establishment,~~ (c) the applicant will make new
17 investment or employment in the microbusiness, and (c) ~~(d)~~ the new
18 investment or employment will create new income or jobs ~~in the distressed~~
19 ~~area~~, the department shall approve the application and authorize
20 tentative tax credits to the applicant within the limits set forth in
21 this section and certify the amount of tentative tax credits approved for
22 the applicant. Applications for tax credits shall be considered in the
23 order in which they are received.

24 (2) The department may approve applications up to the adjusted limit
25 for each calendar year beginning January 1, 2006, through December 31,
26 2022. After applications totaling the adjusted limit have been approved
27 for a calendar year, no further applications shall be approved for that
28 year. The adjusted limit in a given year is two million dollars plus
29 tentative tax credits that were not granted by the end of the preceding
30 year. Tax credits shall not be allowed for a taxpayer receiving benefits
31 under the Employment and Investment Growth Act, the Nebraska Advantage

1 Act, or the Nebraska Advantage Rural Development Act.

2 Sec. 27. Section 77-6302, Revised Statutes Cumulative Supplement,
3 2016, is amended to read:

4 77-6302 For purposes of the Angel Investment Tax Credit Act:

5 (1) Director means the Director of Economic Development;

6 ~~(2) Distressed area means a municipality, a county with a population~~
7 ~~of fewer than one hundred thousand inhabitants according to the most~~
8 ~~recent federal decennial census, an unincorporated area within a county,~~
9 ~~or a census tract in Nebraska that (a) has an unemployment rate which~~
10 ~~exceeds the statewide average unemployment rate, (b) has a per capita~~
11 ~~income below the statewide average per capita income, or (c) had a~~
12 ~~population decrease between the two most recent federal decennial~~
13 ~~censuses;~~

14 ~~(2)~~ (3) Family member means a family member within the meaning of
15 section 267(c)(4) of the Internal Revenue Code of 1986, as amended;

16 ~~(3)~~ (4) Investment date means the latest of the following:

17 (a) The date of a fully executed investor subscription agreement or
18 underlying transaction document pertaining to the applicable qualified
19 investment;

20 (b) The date on a check made out to a qualified small business for
21 the applicable qualified investment or the date a wire transfer is
22 completed for the applicable qualified investment; or

23 (c) The date the qualified small business deposits a check made out
24 to such qualified small business for the applicable qualified investment
25 or receives a wire transfer for the applicable qualified investment, as
26 documented on the deposit slip or bank statement of the qualified small
27 business;

28 ~~(4)~~ (5) Pass-through entity means an organization that for the
29 applicable taxable year is a subchapter S corporation, general
30 partnership, limited partnership, limited liability partnership, trust,
31 or limited liability company and that for the applicable taxable year is

1 not taxed as a corporation;

2 ~~(5) (6)~~ Qualified fund means a fund that has been certified by the
3 director under section 77-6304;

4 ~~(6) (7)~~ Qualified high-technology field includes, but is not limited
5 to, aerospace, agricultural processing, renewable energy, energy
6 efficiency and conservation, environmental engineering, food technology,
7 cellulosic ethanol, information technology, materials science technology,
8 nanotechnology, telecommunications, biosolutions, medical device
9 products, pharmaceuticals, diagnostics, biologicals, chemistry,
10 veterinary science, and similar fields;

11 ~~(7) (8)~~ Qualified investment means a cash investment in a qualified
12 small business made in exchange for common stock, a partnership or
13 membership interest, preferred stock, debt with mandatory conversion to
14 equity, or an equivalent ownership interest as determined by the director
15 of a minimum of:

16 (a) Twenty-five thousand dollars in a calendar year by a qualified
17 investor; or

18 (b) Fifty thousand dollars in a calendar year by a qualified fund;

19 ~~(8) (9)~~ Qualified investor means an individual, trust, or pass-
20 through entity which has been certified by the director under section
21 77-6305; and

22 ~~(9) (10)~~ Qualified small business means a business that has been
23 certified by the director under section 77-6303.

24 Sec. 28. Section 77-6306, Revised Statutes Cumulative Supplement,
25 2016, is amended to read:

26 77-6306 (1) ~~A For taxable years beginning or deemed to begin on or~~
27 ~~after January 1, 2011, under the Internal Revenue Code of 1986, as~~
28 ~~amended,~~ a qualified investor or qualified fund is eligible for a
29 refundable tax credit equal to ~~thirty five percent of its qualified~~
30 ~~investment in a qualified small business, except that if the qualified~~
31 ~~small business is located in a distressed area the qualified investor or~~

1 ~~qualified fund is eligible for a refundable tax credit equal to~~ forty
2 percent of its qualified investment in ~~a~~ the qualified small business.
3 The director shall not allocate more than four million dollars in tax
4 credits to all qualified investors or qualified funds in a calendar year.
5 If the director does not allocate the entire four million dollars of tax
6 credits in a calendar year, the tax credits that are not allocated shall
7 not carry forward to subsequent years. The director shall not allocate
8 any amount for tax credits for calendar years after 2022.

9 (2) The director shall not allocate more than a total maximum amount
10 in tax credits for a calendar year to a qualified investor for the
11 investor's cumulative qualified investments as an individual qualified
12 investor and as an investor in a qualified fund as provided in this
13 subsection. For married couples filing joint returns the maximum is three
14 hundred fifty thousand dollars, and for all other filers the maximum is
15 three hundred thousand dollars. The director shall not allocate more than
16 a total of one million dollars in tax credits for qualified investments
17 in any one qualified small business.

18 (3) The director shall not allocate a tax credit to a qualified
19 investor either as an individual qualified investor or as an investor in
20 a qualified fund if the investor receives more than forty-nine percent of
21 the investor's gross annual income from the qualified small business in
22 which the qualified investment is proposed. A family member of an
23 individual disqualified by this subsection is not eligible for a tax
24 credit under this section. For a married couple filing a joint return,
25 the limitations in this subsection apply collectively to the investor and
26 spouse. For purposes of determining the ownership interest of an investor
27 under this subsection, the rules under section 267(c) and (e) of the
28 Internal Revenue Code of 1986, as amended, apply.

29 (4) Tax credits shall be allocated to qualified investors or
30 qualified funds in the order that the tax credit applications are filed
31 with the director. Once tax credits have been approved and allocated by

1 the director, the qualified investors and qualified funds shall implement
2 the qualified investment specified within ninety days after allocation of
3 the tax credits. Qualified investors and qualified funds shall notify the
4 director no later than thirty days after the expiration of the ninety-day
5 period that the qualified investment has been made. If the qualified
6 investment is not made within ninety days after allocation of the tax
7 credits, or the director has not, within thirty days following expiration
8 of the ninety-day period, received notification that the qualified
9 investment was made, the tax credit allocation is canceled and available
10 for reallocation. A qualified investor or qualified fund that fails to
11 invest as specified in the application within ninety days after
12 allocation of the tax credits shall notify the director of the failure to
13 invest within five business days after the expiration of the ninety-day
14 investment period.

15 (5) All tax credit applications filed with the director on the same
16 day shall be treated as having been filed contemporaneously. If two or
17 more qualified investors or qualified funds file tax credit applications
18 on the same day and the aggregate amount of tax credit allocation
19 requests exceeds the aggregate limit of tax credits under this section or
20 the lesser amount of tax credits that remain unallocated on that day,
21 then the tax credits shall be allocated among the qualified investors or
22 qualified funds who filed on that day on a pro rata basis with respect to
23 the amounts requested. The pro rata allocation for any one qualified
24 investor or qualified fund shall be the product obtained by multiplying a
25 fraction, the numerator of which is the amount of the tax credit
26 allocation request filed on behalf of a qualified investor or qualified
27 fund and the denominator of which is the total of all tax credit
28 allocation requests filed on behalf of all applicants on that day, by the
29 amount of tax credits that remain unallocated on that day for the taxable
30 year.

31 (6) A qualified investor or qualified fund, or a qualified small

1 business acting on behalf of the investor or fund, shall notify the
2 director when an investment for which tax credits were allocated has been
3 made and shall furnish the director with documentation of the investment
4 date. A qualified fund shall also provide the director with a statement
5 indicating the amount invested by each investor in the qualified fund
6 based on each investor's share of the assets of the qualified fund at the
7 time of the qualified investment. After receiving notification that the
8 qualified investment was made, the director shall issue tax credit
9 certificates for the taxable year in which the qualified investment was
10 made to the qualified investor or, for a qualified investment made by a
11 qualified fund, to each qualified investor who is an investor in the
12 fund. The certificate shall state that the tax credit is subject to
13 revocation if the qualified investor or qualified fund does not hold the
14 investment in the qualified small business for at least three years,
15 consisting of the calendar year in which the investment was made and the
16 two following calendar years. The three-year holding period does not
17 apply if:

18 (a) The qualified investment by the qualified investor or qualified
19 fund becomes worthless before the end of the three-year period;

20 (b) Eighty percent or more of the assets of the qualified small
21 business are sold before the end of the three-year period;

22 (c) The qualified small business is sold or merges with another
23 business before the end of the three-year period;

24 (d) The qualified small business's common stock begins trading on a
25 public exchange before the end of the three-year period; or

26 (e) In the case of an individual qualified investor, such investor
27 becomes deceased before the end of the three-year period.

28 (7) The director shall notify the Tax Commissioner that tax credit
29 certificates have been issued, including the amount of tax credits and
30 all other pertinent tax information.

31 Sec. 29. Section 77-6307, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 77-6307 (1) Each qualified small business, qualified investor, and
3 qualified fund shall submit an annual report to the director by July 1 of
4 each year. The report shall certify that the business, investor, or fund
5 satisfies the requirements of the Angel Investment Tax Credit Act and
6 shall include all information which will enable the Department of
7 Economic Development to fulfill its reporting requirements under section
8 77-6309.

9 (2) A qualified small business that ceases all operations and
10 becomes insolvent shall file a final report with the director in the form
11 required by the director documenting its insolvency.

12 (3) To maintain the confidentiality of the qualified investor ~~and~~
13 ~~qualified small business~~, the Department of Economic Development shall
14 use a designated number to identify such persons or entities ~~businesses~~.

15 (4) A qualified small business, qualified investor, or qualified
16 fund that fails to file a complete annual report by July 1 shall, at the
17 discretion of the director, be subject to a fine of two hundred dollars,
18 revocation of its certification, or both.

19 Sec. 30. Section 79-1016, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 79-1016 (1) On or before August 20 ~~25~~, the county assessor shall
22 certify to the Property Tax Administrator the total taxable value by
23 school district in the county for the current assessment year on forms
24 prescribed by the Tax Commissioner. The county assessor may amend the
25 filing for changes made to the taxable valuation of the school district
26 in the county if corrections or errors on the original certification are
27 discovered. Amendments shall be certified to the Property Tax
28 Administrator on or before August 31 ~~September 30~~.

29 (2) On or before October 10, the Property Tax Administrator shall
30 compute and certify to the State Department of Education the adjusted
31 valuation for the current assessment year for each class of property in

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

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

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

21 (b) For agricultural and horticultural land, seventy-two percent of
22 actual value as provided in sections 77-1359 to 77-1363. For agricultural
23 and horticultural land that receives special valuation pursuant to
24 section 77-1344, seventy-two percent of special valuation as defined in
25 section 77-1343; and

26 (c) For personal property, the net book value as defined in section
27 77-120.

28 (4) On or before November 10, any local system may file with the Tax
29 Commissioner written objections to the adjusted valuations prepared by
30 the Property Tax Administrator, stating the reasons why such adjusted
31 valuations are not the valuations required by subsection (3) of this

1 section. The Tax Commissioner shall fix a time for a hearing. Either
2 party shall be permitted to introduce any evidence in reference thereto.
3 On or before January 1, the Tax Commissioner shall enter a written order
4 modifying or declining to modify, in whole or in part, the adjusted
5 valuations and shall certify the order to the State Department of
6 Education. Modification by the Tax Commissioner shall be based upon the
7 evidence introduced at hearing and shall not be limited to the
8 modification requested in the written objections or at hearing. A copy of
9 the written order shall be mailed to the local system within seven days
10 after the date of the order. The written order of the Tax Commissioner
11 may be appealed within thirty days after the date of the order to the Tax
12 Equalization and Review Commission in accordance with section 77-5013.

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

22 (6) On or before May 31 of the year following the certification of
23 adjusted valuation pursuant to subsection (2) of this section, any local
24 system or county official may file with the Tax Commissioner a written
25 request for a nonappealable correction of the adjusted valuation due to
26 changes to the tax list that change the assessed value of taxable
27 property. Upon the filing of the written request, the Tax Commissioner
28 shall require the county assessor to recertify the taxable valuation by
29 school district in the county on forms prescribed by the Tax
30 Commissioner. The recertified valuation shall be the valuation that was
31 certified on the tax list, pursuant to section 77-1613, increased or

1 decreased by changes to the tax list that change the assessed value of
2 taxable property in the school district in the county in the prior
3 assessment year. On or before the following July 31, the Tax Commissioner
4 shall approve or deny the request and, if approved, certify the corrected
5 adjusted valuations resulting from such action to the State Department of
6 Education.

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

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

22 Sec. 31. Section 81-1201.15, Reissue Revised Statutes of Nebraska,
23 is amended to read:

24 81-1201.15 (1) The primary responsibility of the Business
25 Recruitment Division shall be the creation of jobs through the attraction
26 of business to the state. The division shall develop a program of
27 assistance to local governments, chambers of commerce, development
28 organizations, and other entities involved in attracting new value-adding
29 industries. Activities shall include, but not be limited to, industrial
30 recruitment, marketing, international investment attraction, and
31 technical assistance to community organizations in their recruitment

1 efforts.

2 (2) Information regarding business recruitment, location,
3 relocation, and expansion projects conducted by or with the assistance of
4 the Business Recruitment Division may be withheld from the public until a
5 public announcement by an authorized representative of the business or
6 the Department of Economic Development is made about the project or until
7 negotiations between the business and the division or other governmental
8 entity regarding the project have been completed, whichever is earlier.

9 Sec. 32. Section 81-1201.20, Reissue Revised Statutes of Nebraska,
10 is amended to read:

11 81-1201.20 The department ~~may~~ shall adopt and promulgate rules and
12 regulations to carry out sections 81-1201.01 to 81-1201.20.

13 Sec. 33. Section 81-12,153, Revised Statutes Cumulative Supplement,
14 2016, is amended to read:

15 81-12,153 For purposes of the Business Innovation Act:

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

17 ~~(2) Distressed area means a municipality, a county with a population~~
18 ~~of fewer than one hundred thousand inhabitants according to the most~~
19 ~~recent federal decennial census, an unincorporated area within a county,~~
20 ~~or a census tract in Nebraska that (a) has an unemployment rate which~~
21 ~~exceeds the statewide average unemployment rate, (b) has a per capita~~
22 ~~income below the statewide average per capita income, or (c) had a~~
23 ~~population decrease between the two most recent federal decennial~~
24 ~~censuses;~~

25 ~~(2) (3) Federal grant program means the federal Small Business~~
26 ~~Administration's Small Business Innovation Research grant program or~~
27 ~~Small Business Technology Transfer grant program;~~

28 ~~(3) (4) Microenterprise means a for-profit business entity with not~~
29 ~~more than ten full-time equivalent employees;~~

30 ~~(4) (5) Prototype means an original model on which something is~~
31 ~~patterned by a resident of Nebraska or a company located in Nebraska; and~~

1 (5) ~~(6)~~ Value-added agriculture means increasing the net worth of
2 food or nonfood agricultural products by processing, alternative
3 production and handling methods, collective marketing, or other
4 innovative practices.

5 Sec. 34. Section 81-12,156, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 81-12,156 ~~At least forty percent of the funding for financial~~
8 ~~assistance programs in sections 81-12,157 to 81-12,162 shall be used for~~
9 ~~projects that best alleviate chronic economic distress in distressed~~
10 ~~areas.~~ When selecting projects for funding under the Business Innovation
11 Act ~~this section~~, the department shall give a preference to projects
12 located in whole or in part within an enterprise zone designated pursuant
13 to the Enterprise Zone Act.

14 Sec. 35. Sections 1, 2, 3, 4, 9, 10, 11, 12, 15, 16, 17, 18, 19,
15 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 36, and 39 of
16 this act become operative three calendar months after the adjournment of
17 this legislative session. Sections 20 and 37 of this act become operative
18 on January 1, 2018. The other sections of this act become operative on
19 their effective date.

20 Sec. 36. Original sections 9-433, 13-509, 77-2783, 77-2785,
21 77-5902, 77-5904, 79-1016, 81-1201.15, 81-1201.20, and 81-12,156, Reissue
22 Revised Statutes of Nebraska, and sections 58-708, 69-2710.01, 77-2503,
23 77-2506, 77-2604, 77-2604.01, 77-2756, 77-27,238, 77-3510, 77-4212,
24 77-5725, 77-5903, 77-5905, 77-6302, 77-6306, 77-6307, and 81-12,153,
25 Revised Statutes Cumulative Supplement, 2016, are repealed.

26 Sec. 37. Original section 77-3517, Revised Statutes Cumulative
27 Supplement, 2016, is repealed.

28 Sec. 38. Original sections 77-1333, 77-1832, 77-1833, 77-1837.01,
29 and 77-2701, Revised Statutes Cumulative Supplement, 2016, are repealed.

30 Sec. 39. The following sections are outright repealed: Sections
31 66-1013, 66-1017, 66-1018, and 66-1019, Reissue Revised Statutes of

1 Nebraska, and sections 66-1012, 66-1014, 66-1015, 66-1016, and
2 66-1019.01, Revised Statutes Cumulative Supplement, 2016.

3 Sec. 40. Since an emergency exists, this act takes effect when
4 passed and approved according to law.

5 2. On page 1, strike beginning with "revenue" in line 1 through line
6 5 and insert "law; to amend sections 9-433, 13-509, 77-2783, 77-2785,
7 77-5902, 77-5904, 79-1016, 81-1201.15, 81-1201.20, and 81-12,156, Reissue
8 Revised Statutes of Nebraska, and sections 58-708, 69-2710.01, 77-1333,
9 77-1832, 77-1833, 77-1837.01, 77-2503, 77-2506, 77-2604, 77-2604.01,
10 77-2701, 77-2756, 77-27,238, 77-3510, 77-3517, 77-4212, 77-5725, 77-5903,
11 77-5905, 77-6302, 77-6306, 77-6307, and 81-12,153, Revised Statutes
12 Cumulative Supplement, 2016; to change provisions relating to lotteries
13 and raffles, certifying taxable values, the use of funds under the
14 Nebraska Affordable Housing Act, cigarette sales reports, rent-restricted
15 housing projects, service of notice when applying for a tax deed, laws
16 governing certain tax sale certificates, affordable housing tax credits,
17 statements on income taxes withheld, mathematical and clerical errors in
18 income tax returns, employer tax credits, homestead exemption forms and
19 lists, accrual of interest on denied and reduced homestead exemptions,
20 tobacco product tax returns, property tax credits, property tax
21 exemptions under the Nebraska Advantage Act, confidentiality
22 requirements, taxable valuations for school districts, and economic
23 development projects; to provide for a report regarding certain
24 amendments to the Internal Revenue Code; to eliminate provisions relating
25 to distressed areas in the Nebraska Advantage Microenterprise Tax Credit
26 Act, the Angel Investment Tax Credit Act, and the Business Innovation
27 Act; to eliminate the Low-Income Home Energy Conservation Act; to
28 harmonize provisions; to provide operative dates; to repeal the original
29 sections; to outright repeal sections 66-1013, 66-1017, 66-1018, and
30 66-1019, Reissue Revised Statutes of Nebraska, and sections 66-1012,
31 66-1014, 66-1015, 66-1016, and 66-1019.01, Revised Statutes Cumulative

1 Supplement, 2016; and to declare an emergency.".