

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FIFTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 1108**

Introduced by Harr, 8.

Read first time January 18, 2018

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections  
2 77-2701.02, 85-1539, and 85-1540, Reissue Revised Statutes of  
3 Nebraska, sections 77-2715.07, 77-2717, 77-2734.03, 77-3604,  
4 77-3605, 77-3606, and 81-1201.21, Revised Statutes Cumulative  
5 Supplement, 2016, and section 77-27,132, Revised Statutes  
6 Supplement, 2017; to adopt the Yes to Occupational Learning  
7 Opportunities Act and the Jobs of Tomorrow Innovation Act; to change  
8 the sales and use tax rate; to provide for distribution of tax  
9 revenue; to change the School Readiness Tax Credit Act; to create  
10 funds; to provide for school foundation aid; to provide for certain  
11 grant programs; to eliminate a grant program for internships; to  
12 harmonize provisions; to provide an operative date; to repeal the  
13 original sections; and to outright repeal sections 81-1210.02 and  
14 81-1210.03, Reissue Revised Statutes of Nebraska, and section  
15 81-1210.01, Revised Statutes Cumulative Supplement, 2016.

16 Be it enacted by the people of the State of Nebraska,

1           Section 1. Sections 1 to 8 of this act shall be known and may be  
2 cited as the Yes to Occupational Learning Opportunities Act.

3           Sec. 2. The Legislature finds that in order to be competitive in a  
4 global economy, Nebraska must create educational and workforce  
5 development programs in high-demand, high-skill fields. The Legislature  
6 further finds that business interests in Nebraska have identified  
7 development of a skilled workforce as essential to building Nebraska's  
8 economy.

9           Sec. 3. For purposes of the Yes to Occupational Learning  
10 Opportunities Act:

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

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

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

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

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

26           (a) Gains valuable work experience;

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

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

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

1           (7) Student means any person who:

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

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

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

9           Sec. 4.   (1) An employer that plans to provide job training  
10 activities to its employees during a calendar year may apply to the  
11 department from January 1 to May 31 of that calendar year to receive a  
12 just-in-time tax credit under this section.

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

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

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

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

23           (d) Upon completion of the job training activities:

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

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

30           (3) The just-in-time tax credit shall be equal to seventy-five  
31 percent of the reasonable costs of the job training activities provided

1 to the employee, not to exceed two thousand dollars, for any employee  
2 who:

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

5 (b) Is a veteran;

6 (c) Has been convicted of a felony;

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

8 (e) Is a Federal Pell Grant recipient.

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

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

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

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

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

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

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

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

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

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

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

28       Sec. 5. (1) An employer that plans to provide internships to  
29 students during a calendar year may apply to the department from January  
30 1 to May 31 of that calendar year to receive a Nebraska intern tax credit  
31 under this section.

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

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

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

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

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

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

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

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

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

1 income tax return as income tax withheld under section 77-2755.

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

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

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

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

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

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

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

23 and

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

26 (7) The department shall provide a second application period during  
27 any calendar year in which there are unused funds remaining for any  
28 category of employer described in subsection (6) of this section. Such  
29 second application period shall run from June 1 of such calendar year  
30 until the earlier of the date when all unused funds have been awarded or  
31 December 31. In making award decisions under this subsection, the

1 department shall consider applications in the order in which they are  
2 received and may award Nebraska intern tax credits to any employer that  
3 qualifies under subsection (2) of this section.

4       Sec. 6. (1) An employer that plans to hire a student completing an  
5 internship or an employee completing job training activities during a  
6 calendar year may apply to the department from January 1 to May 31 of  
7 such calendar year to receive a post-training tax credit under this  
8 section.

9       (2) To be eligible for the post-training tax credit, the employer  
10 must agree to hire the student or employee within one month after the  
11 internship or job training activity ends for a position in which the  
12 student or employee will:

13       (a) Work a minimum of forty hours per week for at least one year;  
14 and

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

18       (ii) Be paid at a wage level that, when annualized, is at least  
19 equal to three hundred fifty percent of the federal poverty level for an  
20 individual.

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

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

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

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

1       (a) If the employee met one of the qualifications described in  
2 subsection (3) of section 4 of this act, the credit shall be ten thousand  
3 dollars. The employer applying for the credit shall provide the  
4 department with documentation to prove that the employee met one of the  
5 qualifications described in subsection (3) of section 4 of this act; or

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

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

18       (6) The employer shall apply for the post-training tax credit by  
19 submitting an application to the department. If the department determines  
20 that an application is complete and that the employer qualifies for  
21 credits, the department shall approve the application within the limits  
22 set forth in subsection (7) of this section and shall certify the amount  
23 of tax credits approved to the employer.

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

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

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

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

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

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

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

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

20       Sec. 7. If the department determines that an employer violated its  
21 agreement under section 4, 5, or 6 of this act and received credits to  
22 which it was not entitled, the department may recapture all or a portion  
23 of the tax credits claimed. Such recapture shall be allowed for a period  
24 of three years after the end of the taxable year in which the credits  
25 were claimed.

26       Sec. 8. The department shall adopt and promulgate rules and  
27 regulations to carry out the Yes to Occupational Learning Opportunities  
28 Act.

29       Sec. 9. Sections 9 to 13 of this act shall be known and may be  
30 cited as the Jobs of Tomorrow Innovation Act.

31       Sec. 10. For purposes of the Jobs of Tomorrow Innovation Act:

1       (1) Business means any person, firm, corporation, or any other for-  
2 profit business entity that is subject to the income tax imposed by the  
3 Nebraska Revenue Act of 1967;

4       (2) Department means the Department of Economic Development;

5       (3) Institution means any nonprofit, postsecondary institution of  
6 higher education that is operating in this state; and

7       (4) Partnership means a contractual agreement between a business and  
8 an institution with the purpose of researching and developing the  
9 creation of jobs and technology to further Nebraska's economy.

10       Sec. 11. (1) Beginning January 1, 2019, a business that has formed  
11 a partnership may apply to the department for a nonrefundable credit  
12 against the income tax imposed by the Nebraska Revenue Act of 1967. The  
13 credit shall be equal to the expenses incurred by the partnership in  
14 researching and developing the creation of jobs and technology, not to  
15 exceed one million dollars.

16       (2) Applications shall be submitted on a form prescribed by the  
17 department and shall include documentation of the partnership.

18       Sec. 12. (1) If the department determines that an application is  
19 complete and that a business qualifies for credits, the department shall  
20 approve the application within the limits set forth in this section and  
21 shall certify the amount of tax credits approved to the business.

22       (2) The department shall consider applications in the order in which  
23 they are received and may approve up to thirty-one million five hundred  
24 thousand dollars in tax credits in any calendar year.

25       (3) A business shall claim the tax credit by attaching the tax  
26 credit certification received from the department under this section to  
27 its tax return.

28       (4) Any tax credit claimed but not used in a taxable year may be  
29 carried forward to subsequent taxable years until fully utilized.

30       Sec. 13. The department shall adopt and promulgate rules and  
31 regulations to carry out the Jobs of Tomorrow Innovation Act.

1           Sec. 14. Section 77-2701.02, Reissue Revised Statutes of Nebraska,  
2 is amended to read:

3           77-2701.02 Pursuant to section 77-2715.01:

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

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

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

12           (4) Commencing on the start of the first calendar quarter after July  
13 20, 2002, and until January 1, 2019, the rate of the sales tax levied  
14 pursuant to section 77-2703 shall be five and one-half percent; ~~-~~

15           (5) Commencing January 1, 2019, and until January 1, 2023, the rate  
16 of the sales tax levied pursuant to section 77-2703 shall be six percent;  
17 and

18           (6) Commencing January 1, 2023, the rate of the sales tax levied  
19 pursuant to section 77-2703 shall be five and one-half percent.

20           Sec. 15. Section 77-2715.07, Revised Statutes Cumulative Supplement,  
21 2016, is amended to read:

22           77-2715.07 (1) There shall be allowed to qualified resident  
23 individuals as a nonrefundable credit against the income tax imposed by  
24 the Nebraska Revenue Act of 1967:

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

27           (b) A credit for taxes paid to another state as provided in section  
28 77-2730.

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

31           (a) For returns filed reporting federal adjusted gross incomes of

1 greater than twenty-nine thousand dollars, a nonrefundable credit equal  
2 to twenty-five percent of the federal credit allowed under section 21 of  
3 the Internal Revenue Code of 1986, as amended, except that for taxable  
4 years beginning or deemed to begin on or after January 1, 2015, such  
5 nonrefundable credit shall be allowed only if the individual would have  
6 received the federal credit allowed under section 21 of the code after  
7 adding back in any carryforward of a net operating loss that was deducted  
8 pursuant to such section in determining eligibility for the federal  
9 credit;

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

25 (c) A refundable credit as provided in section 77-5209.01 for  
26 individuals who qualify for an income tax credit as a qualified beginning  
27 farmer or livestock producer under the Beginning Farmer Tax Credit Act  
28 for all taxable years beginning or deemed to begin on or after January 1,  
29 2006, under the Internal Revenue Code of 1986, as amended;

30 (d) A refundable credit for individuals who qualify for an income  
31 tax credit under the Angel Investment Tax Credit Act, the Nebraska

1 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research  
2 and Development Act, or the Volunteer Emergency Responders Incentive Act;  
3 and

4 (e) A refundable credit equal to ten percent of the federal credit  
5 allowed under section 32 of the Internal Revenue Code of 1986, as  
6 amended, except that for taxable years beginning or deemed to begin on or  
7 after January 1, 2015, such refundable credit shall be allowed only if  
8 the individual would have received the federal credit allowed under  
9 section 32 of the code after adding back in any carryforward of a net  
10 operating loss that was deducted pursuant to such section in determining  
11 eligibility for the federal credit.

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

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

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

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

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

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

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

31 (g) A credit as provided in the Affordable Housing Tax Credit Act;

1 and -

2 (h) A credit as provided in the Jobs of Tomorrow Innovation Act.

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

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

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

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

21 (5)(a) For all taxable years beginning on or after January 1, 2007,  
22 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
23 amended, there shall be allowed to each partner, shareholder, member, or  
24 beneficiary of a partnership, subchapter S corporation, limited liability  
25 company, or estate or trust a nonrefundable credit against the income tax  
26 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
27 partner's, shareholder's, member's, or beneficiary's portion of the  
28 amount of franchise tax paid to the state under sections 77-3801 to  
29 77-3807 by a financial institution.

30 (b) For all taxable years beginning on or after January 1, 2009,  
31 under the Internal Revenue Code of 1986, as amended, there shall be

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

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

13 (6) There shall be allowed to all individuals nonrefundable credits  
14 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
15 provided in section 77-3604 and refundable credits against the income tax  
16 imposed by the Nebraska Revenue Act of 1967 as provided in section  
17 77-3605.

18 Sec. 16. Section 77-2717, Revised Statutes Cumulative Supplement,  
19 2016, is amended to read:

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

1 recomputations required by the Nebraska Revenue Act of 1967, and the  
2 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act  
3 and the Nebraska Advantage Research and Development Act shall be allowed  
4 as a reduction in the income tax due. A refundable income tax credit  
5 shall be allowed for all resident estates and trusts under the Angel  
6 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax  
7 Credit Act, and the Nebraska Advantage Research and Development Act. A  
8 nonrefundable income tax credit shall be allowed for all resident estates  
9 and trusts as provided in the New Markets Job Growth Investment Act.

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

28 (b) The tax imposed on all nonresident estates and trusts shall be  
29 the portion of the tax imposed on resident estates and trusts which is  
30 attributable to the income derived from sources within this state. The  
31 tax which is attributable to income derived from sources within this

1 state shall be determined by multiplying the liability to this state for  
2 a resident estate or trust with the same total income by a fraction, the  
3 numerator of which is the nonresident estate's or trust's Nebraska income  
4 as determined by sections 77-2724 and 77-2725 and the denominator of  
5 which is its total federal income after first adjusting each by the  
6 amounts provided in section 77-2716. The federal credit for prior year  
7 minimum tax, after the recomputations required by the Nebraska Revenue  
8 Act of 1967, reduced by the percentage of the total income which is  
9 attributable to income from sources outside this state, and the credits  
10 provided in the Nebraska Advantage Microenterprise Tax Credit Act and the  
11 Nebraska Advantage Research and Development Act shall be allowed as a  
12 reduction in the income tax due. A refundable income tax credit shall be  
13 allowed for all nonresident estates and trusts under the Angel Investment  
14 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,  
15 and the Nebraska Advantage Research and Development Act. A nonrefundable  
16 income tax credit shall be allowed for all nonresident estates and trusts  
17 as provided in the Nebraska Job Creation and Mainstreet Revitalization  
18 Act, the New Markets Job Growth Investment Act, the School Readiness Tax  
19 Credit Act, the Affordable Housing Tax Credit Act, the Jobs of Tomorrow  
20 Innovation Act, and section 77-27,238.

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

1 taxable to such beneficiaries.

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

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

1 shall be attached to the Nebraska fiduciary return for such taxable year.

2 (5) In the absence of the nonresident beneficiary's executed  
3 agreement being attached to the Nebraska fiduciary return, the estate or  
4 trust shall remit a portion of such beneficiary's income which was  
5 derived from or attributable to Nebraska sources with its Nebraska return  
6 for the taxable year. For taxable years beginning or deemed to begin  
7 before January 1, 2013, the amount of remittance, in such instance, shall  
8 be the highest individual income tax rate determined under section  
9 77-2715.02 multiplied by the nonresident beneficiary's share of the  
10 estate or trust income which was derived from or attributable to sources  
11 within this state. For taxable years beginning or deemed to begin on or  
12 after January 1, 2013, the amount of remittance, in such instance, shall  
13 be the highest individual income tax rate determined under section  
14 77-2715.03 multiplied by the nonresident beneficiary's share of the  
15 estate or trust income which was derived from or attributable to sources  
16 within this state. The amount remitted shall be allowed as a credit  
17 against the Nebraska income tax liability of the beneficiary.

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

27 (7) For purposes of this section, unless the context otherwise  
28 requires, simple trust shall mean any trust instrument which (a) requires  
29 that all income shall be distributed currently to the beneficiaries, (b)  
30 does not allow amounts to be paid, permanently set aside, or used in the  
31 tax year for charitable purposes, and (c) does not distribute amounts

1 allocated in the corpus of the trust. Any trust which does not qualify as  
2 a simple trust shall be deemed a complex trust.

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

7 Sec. 17. Section 77-2734.03, Revised Statutes Cumulative Supplement,  
8 2016, is amended to read:

9 77-2734.03 (1)(a) For taxable years commencing prior to January 1,  
10 1997, any (i) insurer paying a tax on premiums and assessments pursuant  
11 to section 77-908 or 81-523, (ii) electric cooperative organized under  
12 the Joint Public Power Authority Act, or (iii) credit union shall be  
13 credited, in the computation of the tax due under the Nebraska Revenue  
14 Act of 1967, with the amount paid during the taxable year as taxes on  
15 such premiums and assessments and taxes in lieu of intangible tax.

16 (b) For taxable years commencing on or after January 1, 1997, any  
17 insurer paying a tax on premiums and assessments pursuant to section  
18 77-908 or 81-523, any electric cooperative organized under the Joint  
19 Public Power Authority Act, or any credit union shall be credited, in the  
20 computation of the tax due under the Nebraska Revenue Act of 1967, with  
21 the amount paid during the taxable year as (i) taxes on such premiums and  
22 assessments included as Nebraska premiums and assessments under section  
23 77-2734.05 and (ii) taxes in lieu of intangible tax.

24 (c) For taxable years commencing or deemed to commence prior to, on,  
25 or after January 1, 1998, any insurer paying a tax on premiums and  
26 assessments pursuant to section 77-908 or 81-523 shall be credited, in  
27 the computation of the tax due under the Nebraska Revenue Act of 1967,  
28 with the amount paid during the taxable year as assessments allowed as an  
29 offset against premium and related retaliatory tax liability pursuant to  
30 section 44-4233.

31 (2) There shall be allowed to corporate taxpayers a tax credit for

1 contributions to community betterment programs as provided in the  
2 Community Development Assistance Act.

3 (3) There shall be allowed to corporate taxpayers a refundable  
4 income tax credit under the Beginning Farmer Tax Credit Act for all  
5 taxable years beginning or deemed to begin on or after January 1, 2001,  
6 under the Internal Revenue Code of 1986, as amended.

7 (4) The changes made to this section by Laws 2004, LB 983, apply to  
8 motor fuels purchased during any tax year ending or deemed to end on or  
9 after January 1, 2005, under the Internal Revenue Code of 1986, as  
10 amended.

11 (5) There shall be allowed to corporate taxpayers refundable income  
12 tax credits under the Nebraska Advantage Microenterprise Tax Credit Act  
13 and the Nebraska Advantage Research and Development Act.

14 (6) There shall be allowed to corporate taxpayers a nonrefundable  
15 income tax credit for investment in a biodiesel facility as provided in  
16 section 77-27,236.

17 (7) There shall be allowed to corporate taxpayers a nonrefundable  
18 income tax credit as provided in the Nebraska Job Creation and Mainstreet  
19 Revitalization Act, the New Markets Job Growth Investment Act, the School  
20 Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, the Jobs  
21 of Tomorrow Innovation Act, and section 77-27,238.

22 Sec. 18. Section 77-27,132, Revised Statutes Supplement, 2017, is  
23 amended to read:

24 77-27,132 (1) There is hereby created a fund to be designated the  
25 Revenue Distribution Fund which shall be set apart and maintained by the  
26 Tax Commissioner. Revenue not required to be credited to the General Fund  
27 or any other specified fund may be credited to the Revenue Distribution  
28 Fund. Credits and refunds of such revenue shall be paid from the Revenue  
29 Distribution Fund. The balance of the amount credited, after credits and  
30 refunds, shall be allocated as provided by the statutes creating such  
31 revenue.

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

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

13 (b) Credit to the Highway Trust Fund all of the proceeds of the  
14 sales and use taxes derived from the sale or lease for periods of more  
15 than thirty-one days of motor vehicles, trailers, and semitrailers,  
16 except that the proceeds equal to any sales tax rate provided for in  
17 section 77-2701.02 that is in excess of five and one-half percent or,  
18 beginning January 1, 2023, that is in excess of five percent derived from  
19 the sale or lease for periods of more than thirty-one days of motor  
20 vehicles, trailers, and semitrailers shall be credited as follows:

21 (i) One-half to the Transportation Infrastructure Bank Highway  
22 Allocation Fund; and

23 (ii) One-half to the Light Rail Grant Fund;

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

30 (d) Of the proceeds of the sales and use taxes derived from  
31 transactions other than those listed in subdivisions (2)(a) and (b) of

1 this section, credit to the Property Tax Credit Cash Fund the amount  
2 certified under section 77-27,237, if any such certification is made;  
3 and -

4 (e)(i) Of the sales and use tax proceeds derived from transactions  
5 other than those listed in subdivisions (2)(a) and (b) of this section,  
6 credit the amount of such proceeds raised from a sales tax rate of one-  
7 half of one percent as follows:

8 (A) One million dollars to the Youth Talent Initiative Fund; and

9 (B) The remainder to the School Aid Fund.

10 (ii) The credit described in subdivision (2)(e)(i) of this section  
11 shall only be made after first deducting (A) thirty-one million five  
12 hundred thousand dollars to account for the tax credits authorized in the  
13 Jobs of Tomorrow Innovation Act, (B) twenty-two million five hundred  
14 thousand dollars to account for the tax credits authorized in the Yes to  
15 Occupational Learning Opportunities Act, (C) five million dollars to  
16 account for the increased amount of tax credits authorized in the School  
17 Readiness Tax Credit Act as a result of the changes made by this  
18 legislative bill, and (D) six million dollars to account for the funding  
19 provided to the Nebraska Integrated Education and Training Grant Program.

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

22 Sec. 19. Section 77-3604, Revised Statutes Cumulative Supplement,  
23 2016, is amended to read:

24 77-3604 (1) A child care and education provider whose eligible  
25 program provides services to children who participate in the child care  
26 subsidy program established pursuant to section 68-1202 may apply to the  
27 department to receive a nonrefundable tax credit against the income tax  
28 imposed by the Nebraska Revenue Act of 1967.

29 (2) The nonrefundable credit provided in this section shall be an  
30 amount equal to the average monthly number of children described in  
31 subsection (1) of this section who are attending the child care and

1 education provider's eligible program, multiplied by an amount based upon  
2 the quality scale rating of such eligible program as follows:

| 3 | Quality Scale Rating of Eligible Program | Tax Credit Per Child Attending |
|---|--|--------------------------------|
| 4 |  | Eligible Program               |
| 5 | Step Five                                | <del>\$1,500</del> \$750       |
| 6 | Step Four                                | <del>\$750</del> \$500         |
| 7 | Step Three                               | <del>\$500</del> \$250         |
| 8 | Step Two                                 | \$0                            |
| 9 | Step One                                 | \$0                            |

10 (3) A child care and education provider shall apply for the credit  
11 provided in this section by submitting an application to the department  
12 with the following information:

13 (a) The number of children described in subsection (1) of this  
14 section who attended the child care and education provider's eligible  
15 program during each month of the most recently completed taxable year;

16 (b) Documentation to show the quality scale rating of the child care  
17 and education provider's eligible program; and

18 (c) Any other documentation required by the department.

19 (4) Subject to subsection (5) of this section, if the department  
20 determines that the child care and education provider qualifies for tax  
21 credits under this section, it shall approve the application and certify  
22 the amount of credits approved to the child care and education provider.

23 (5) The department shall consider applications in the order in which  
24 they are received and may approve tax credits under this section in any  
25 taxable year until the aggregate limit allowed under subsection (1) of  
26 section 77-3606 has been reached.

27 (6) The credit provided in this section shall be available for  
28 taxable years beginning or deemed to begin on or after January 1, 2017,  
29 ~~and before January 1, 2022,~~ under the Internal Revenue Code of 1986, as  
30 amended.

31 Sec. 20. Section 77-3605, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 77-3605 (1) An eligible staff member may apply to the department to  
3 receive a refundable tax credit against the income tax imposed by the  
4 Nebraska Revenue Act of 1967. The amount of the credit shall be based on  
5 the eligible staff member's classification under subsection (4) of  
6 section 71-1962 as follows:

| 7 Eligible Staff Member's Classification | Tax Credit                        |
|--|-----------------------------------|
| 8 Level Four                             | <u>\$3,500</u> <del>\$1,500</del> |
| 9 Level Three                            | <u>\$1,750</u> <del>\$1,250</del> |
| 10 Level Two                             | <u>\$1,250</u> <del>\$750</del>   |
| 11 Level One                             | <u>\$1,000</u> <del>\$500</del>   |

12 (2) An eligible staff member shall apply for the credit provided in  
13 this section by submitting an application to the department with the  
14 following information:

15 (a) The eligible staff member's name and place of employment;

16 (b) An attestation form provided by the Nebraska Early Childhood  
17 Professional Record System verifying the level at which the eligible  
18 staff member is classified under subsection (4) of section 71-1962; and

19 (c) Any other documentation required by the department.

20 (3) Subject to subsection (4) of this section, if the department  
21 determines that the eligible staff member qualifies for tax credits under  
22 this section, it shall approve the application and certify the amount of  
23 credits approved to the eligible staff member.

24 (4) The department shall consider applications in the order in which  
25 they are received and may approve tax credits under this section in any  
26 taxable year until the aggregate limit allowed under subsection (1) of  
27 section 77-3606 has been reached.

28 (5) The credit provided in this section shall be available for  
29 taxable years beginning or deemed to begin on or after January 1, 2017,  
30 ~~and before January 1, 2022,~~ under the Internal Revenue Code of 1986, as  
31 amended.

1 (6) For taxable years beginning or deemed to begin on or after  
2 January 1, ~~2020~~ 2018, ~~and before January 1, 2022,~~ under the Internal  
3 Revenue Code of 1986, as amended, the Tax Commissioner shall adjust the  
4 credit amounts provided for in subsection (1) of this section by the  
5 percentage change in the Consumer Price Index for All Urban Consumers, as  
6 prepared by the United States Department of Labor, Bureau of Labor  
7 Statistics, for the twelve-month period ending on August 31 of the year  
8 preceding the taxable year.

9 Sec. 21. Section 77-3606, Revised Statutes Cumulative Supplement,  
10 2016, is amended to read:

11 77-3606 (1) The department may approve tax credits under the School  
12 Readiness Tax Credit Act each taxable year until the total amount of  
13 credits approved for the taxable year reaches ~~ten~~ five million dollars.

14 (2) A child care and education provider shall claim any tax credits  
15 granted under the act by attaching the tax credit certification received  
16 from the department under section 77-3604 to the child care and education  
17 provider's tax return. An eligible staff member shall claim any tax  
18 credits granted under the act by attaching the tax credit certification  
19 received from the department under section 77-3605 to the eligible staff  
20 member's tax return.

21 (3) If the department finds that a person has obtained a credit by  
22 fraud or misrepresentation, the credits shall be disallowed and the  
23 taxpayer's state income tax for such taxable year shall be increased by  
24 the amount necessary to recapture the credit.

25 (4) Credits granted to a taxpayer, but later disallowed, may be  
26 recovered by the department within three years from the end of the year  
27 in which the credit was claimed.

28 Sec. 22. (1) The School Aid Fund is created. The fund shall consist  
29 of sales and use tax revenue credited to the fund pursuant to section  
30 77-27,132 and shall be administered by the State Board of Education. The  
31 fund shall be used to provide foundation aid to all school districts in

1 the state. Any money in the fund available for investment shall be  
2 invested by the state investment officer pursuant to the Nebraska Capital  
3 Expansion Act and the Nebraska State Funds Investment Act.

4 (2) No later than November 15 of each year, the State Treasurer  
5 shall certify to the Commissioner of Education the amount of funds in the  
6 School Aid Fund available for disbursement under this section. On or  
7 before January 1 following receipt of such certification, the  
8 Commissioner of Education shall distribute the certified amount to all  
9 school districts in the state as foundation aid. The distribution shall  
10 be proportional based on the fall membership of each school district for  
11 the current school fiscal year.

12 (3) For purposes of this section, fall membership and school fiscal  
13 year have the meanings given such terms in section 79-1003.

14 Sec. 23. The Light Rail Grant Fund is created. The fund shall be  
15 administered by the Department of Transportation and shall be used by the  
16 department to establish a grant program for light rail projects in the  
17 state. The grant program shall require a dollar-for-dollar match for any  
18 grant funds provided under this section. Any money in the fund available  
19 for investment shall be invested by the state investment officer pursuant  
20 to the Nebraska Capital Expansion Act and the Nebraska State Funds  
21 Investment Act. The department shall adopt and promulgate rules and  
22 regulations to carry out this section.

23 Sec. 24. Section 81-1201.21, Revised Statutes Cumulative Supplement,  
24 2016, is amended to read:

25 81-1201.21 (1) There is hereby created the Job Training Cash Fund.  
26 The fund shall be under the direction of the Department of Economic  
27 Development. Money may be transferred to the fund pursuant to subdivision  
28 (1)(b)(iii) of section 48-621 and from the Cash Reserve Fund at the  
29 direction of the Legislature. The department shall establish a subaccount  
30 for all money transferred from the Cash Reserve Fund to the Job Training  
31 Cash Fund on or after July 1, 2005.

1           (2) The money in the Job Training Cash Fund or the subaccount  
2 established in subsection (1) of this section shall be used (a) to  
3 provide reimbursements for job training activities, including employee  
4 assessment, preemployment training, on-the-job training, training  
5 equipment costs, and other reasonable costs related to helping industry  
6 and business locate or expand in Nebraska, (b) to provide upgrade skills  
7 training of the existing labor force necessary to adapt to new technology  
8 or the introduction of new product lines, (c) ~~to provide grants pursuant~~  
9 ~~to section 81-1210.02,~~ (d) as provided in section 79-2308, or (d) (e) as  
10 provided in section 48-3405. The department shall give a preference to  
11 job training activities carried out in whole or in part within an  
12 enterprise zone designated pursuant to the Enterprise Zone Act.

13           (3) The department shall establish a subaccount within the fund to  
14 provide training grants for training employees and potential employees of  
15 businesses that (a) employ twenty-five or fewer employees on the  
16 application date, (b) employ, or train for potential employment,  
17 residents of rural areas of Nebraska, or (c) are located in or employ, or  
18 train for potential employment, residents of high-poverty areas as  
19 defined in section 81-1203. The department shall calculate the amount of  
20 prior year investment income earnings accruing to the fund and allocate  
21 such amount to the subaccount for training grants under this subsection.  
22 The subaccount shall also be used as provided in the Teleworker Job  
23 Creation Act ~~and as provided in section 81-1210.02.~~ The department shall  
24 give a preference to training grants for businesses located in whole or  
25 in part within an enterprise zone designated pursuant to the Enterprise  
26 Zone Act.

27           (4) The State Treasurer shall transfer:

28           (a) Two hundred fifty thousand dollars from the Job Training Cash  
29 Fund to the General Fund no later than July 15 of 2015 and 2016; and

30           (b) Two hundred fifty thousand dollars from the Job Training Cash  
31 Fund to the Sector Partnership Program Fund on or before July 15, 2016.

1           (5) Any money in the Job Training Cash Fund available for investment  
2 shall be invested by the state investment officer pursuant to the  
3 Nebraska Capital Expansion Act and the Nebraska State Funds Investment  
4 Act.

5           Sec. 25. (1) The Department of Economic Development shall create  
6 and administer a youth talent initiative. The purpose of the youth talent  
7 initiative shall be to provide grants to support an industry-defined  
8 approach to exposing students to the manufacturing and information  
9 technology industries and engaging student interest in those industries  
10 in order to develop a youth-talent pipeline. For purposes of this  
11 subsection, student means any individual enrolled in the seventh or  
12 eighth grade in a public school in Nebraska.

13           (2) The Department of Economic Development shall select up to six  
14 industry partners or industry consortia each fiscal year from the  
15 manufacturing and information technology industries to participate in the  
16 youth talent initiative. The department shall also work in collaboration  
17 with the public schools in conducting the initiative. At least one  
18 industry partner selected to participate in the initiative shall be  
19 located in a county that has a population of fewer than one hundred  
20 thousand inhabitants.

21           (3) The Youth Talent Initiative Fund is created. The fund shall be  
22 administered by the Department of Economic Development and shall be used  
23 to carry out the youth talent initiative. Any money in the fund available  
24 for investment shall be invested by the state investment officer pursuant  
25 to the Nebraska Capital Expansion Act and the Nebraska State Funds  
26 Investment Act.

27           (4) On or before September 15, 2019, and on or before September 15  
28 of each year thereafter, the Department of Economic Development shall  
29 provide an annual evaluation report detailing the outcomes of the youth  
30 talent initiative. Such report shall be submitted to the Governor and  
31 shall be submitted electronically to the Legislature.

1           (5) The Department of Economic Development shall adopt and  
2 promulgate rules and regulations to carry out this section.

3           Sec. 26. The Legislature finds that community colleges in Nebraska  
4 are positioned to establish innovative approaches to developing  
5 credentials with meaning in the workforce that meet educational demand.

6           Sec. 27. For purposes of sections 26 to 30 of this act:

7           (1) Adult education means academic instruction and education  
8 services below the postsecondary level for any person who is sixteen  
9 years of age or older and who is not enrolled in high school and is not  
10 required to be enrolled in school, that increase the ability to read,  
11 write, and speak in English and perform mathematics or other activities  
12 necessary for the attainment of a high school diploma or a diploma of  
13 high school equivalency, for the transition to postsecondary education  
14 and training, and for obtaining employment;

15           (2) Commission means the Coordinating Commission for Postsecondary  
16 Education;

17           (3) Committee means the Nebraska Community College Student  
18 Performance and Occupational Education Grant Committee;

19           (4) Integrated education and training means instruction that  
20 provides adult education and literacy activities or remedial education  
21 concurrently and contextually with workforce preparation activities and  
22 workforce training for a specific occupation or occupational cluster for  
23 the purpose of educational and career advancement; and

24           (5) Remedial education means instruction and support to prepare a  
25 student who is assessed by the postsecondary educational institution that  
26 the student has chosen as being academically underprepared to  
27 successfully complete a program of study at such postsecondary  
28 educational institution.

29           Sec. 28. (1) The Nebraska Integrated Education and Training Grant  
30 Program is established. The grant program shall provide grants to  
31 community colleges for the purpose of developing and implementing local

1 programs of integrated education and training. The committee shall  
2 administer the program and shall develop grant applications, procedures,  
3 and guidelines as needed.

4 (2) The committee shall allocate grants of up to three years to  
5 community colleges through a competitive process. To be eligible, a  
6 community college shall submit an application to the committee  
7 describing:

8 (a) The specific integrated education and training instructional  
9 model to be implemented by the local program of integrated education and  
10 training;

11 (b) How the local program of integrated education and training will  
12 be designed and implemented by educators with expertise in adult  
13 education and occupational skills training;

14 (c) How the local program of integrated education and training will  
15 prepare students to receive a high school diploma or diploma of high  
16 school equivalency if necessary;

17 (d) How the local program of integrated education and training will  
18 prepare students to obtain postsecondary credentials;

19 (e) If applicable, how the local program of integrated education and  
20 training will offer industry-recognized credentials;

21 (f) The occupations or industries for which the local program of  
22 integrated education and training will prepare students for employment  
23 and how the program will fit into a career pathway;

24 (g) Evidence of employer demand for individuals who complete the  
25 local program of integrated education and training;

26 (h) How the local program of integrated education and training will  
27 provide student support services, including guidance counseling, to  
28 assist with student success;

29 (i) Strategies for tracking and reporting outcomes and evaluation  
30 reporting for the local program of integrated education and training;

31 (j) Evidence of matching funds from local or philanthropic sources

1 of at least one quarter of the total projected cost for the local program  
2 of integrated education and training;

3 (k) The target population, such as unemployed, underemployed, low-  
4 income, youth, dislocated workers, other, or a combination of target  
5 populations and how the local program of integrated education and  
6 training will serve such target population; and

7 (l) Other information as required by the committee.

8 Sec. 29. The commission shall develop an annual evaluation of the  
9 Nebraska Integrated Education and Training Grant Program that includes  
10 the following:

11 (1) The local programs of integrated education and training that  
12 each community college offers by name;

13 (2) The number of students who enrolled in each local program of  
14 integrated education and training;

15 (3) The number of students who successfully complete each local  
16 program of integrated education and training; and

17 (4) The percentage of students who obtained employment in the  
18 occupation or industry indicated in the grant application or who enrolled  
19 for additional education related to such occupation or industry within  
20 six months after successful completion for each local program of  
21 integrated education and training.

22 Sec. 30. It is the intent of the Legislature to appropriate six  
23 million dollars to carry out the Nebraska Integrated Education and  
24 Training Grant Program. Up to fifteen percent of such funds may be  
25 retained by the commission for administering grants, providing technical  
26 assistance, and conducting the annual evaluation required pursuant to  
27 section 29 of this act.

28 Sec. 31. Section 85-1539, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30 85-1539 (1) There is hereby created the Nebraska Community College  
31 Student Performance and Occupational Education Grant Committee. The

1 committee shall consist of (a) a representative of the Coordinating  
2 Commission for Postsecondary Education who shall serve as chairperson of  
3 the committee, (b) a representative of the Department of Economic  
4 Development, (c) a representative of the Department of Labor, (d) a  
5 representative of the State Department of Education, (e) a representative  
6 affiliated with one of the two community college areas with the two  
7 smallest full-time equivalent student enrollment totals for the most  
8 recent fiscal year, (f) a representative affiliated with one of the two  
9 community college areas with the two largest full-time equivalent student  
10 enrollment totals for the most recent fiscal year, and (g) a  
11 representative affiliated with one of the two community college areas not  
12 included in the categories provided in subdivisions (1)(e) and (f) of  
13 this section. Each member shall be appointed by the agency or community  
14 college areas being represented. The representatives appointed pursuant  
15 to subdivisions (1)(e) through (g) of this section shall serve terms of  
16 two years and shall be succeeded by a representative affiliated with the  
17 community college areas not represented for the preceding term. The  
18 committee shall administer the grant program provided by subsection (2)  
19 of this section and the Nebraska Integrated Education and Training Grant  
20 Program pursuant to sections 26 to 30 of this act.

21 (2) The committee shall develop guidelines for and annually  
22 determine the allocation of aid or grants to the community colleges for  
23 (a) applied technology and occupational faculty training, instructional  
24 equipment upgrades, employee assessment, preemployment training,  
25 employment training, and dislocated worker programs benefiting the State  
26 of Nebraska or (b) programs or activities to enhance (i) student  
27 performance in the areas of degree, certificate, or diploma completion,  
28 retention, or foundations education as defined in section 85-932.01 or  
29 (ii) the collection, reporting, analysis, and utilization of student  
30 data. The total amount allocated for a fiscal year shall not exceed the  
31 amounts appropriated from the Nebraska Community College Student

1 Performance and Occupational Education Grant Fund and such other funds as  
2 may be appropriated by the Legislature for purposes of this section for  
3 such fiscal year. The commission shall certify the allocation determined  
4 by the committee on or before September 10 of the fiscal year for which  
5 such allocation is being certified and shall report such allocation to  
6 the Department of Administrative Services. The commission shall  
7 distribute the allocated funds to the selected community college board or  
8 boards in a single payment between the fifth and twentieth day of October  
9 of each year.

10 (3) Applications for aid or grants pursuant to subsection (2) of  
11 this section may be submitted by a community college area independently  
12 or in collaboration with other community college areas.

13 Sec. 32. Section 85-1540, Reissue Revised Statutes of Nebraska, is  
14 amended to read:

15 85-1540 There is hereby created the Nebraska Community College  
16 Student Performance and Occupational Education Grant Fund. The fund shall  
17 be under the direction of the Nebraska Community College Student  
18 Performance and Occupational Education Grant Committee and shall be  
19 administered by the Coordinating Commission for Postsecondary Education.  
20 The fund shall consist of money received by the state in the form of  
21 grants or gifts from nonfederal sources, such other amounts as may be  
22 transferred or otherwise accrue to the fund, and any investment income  
23 earned on the fund. The fund shall be used to provide aid or grants to  
24 the community colleges pursuant to subsections (2) and (3) of section  
25 85-1539. Any money in the fund available for investment shall be invested  
26 by the state investment officer pursuant to the Nebraska Capital  
27 Expansion Act and the Nebraska State Funds Investment Act.

28 Sec. 33. This act becomes operative on January 1, 2019.

29 Sec. 34. Original sections 77-2701.02, 85-1539, and 85-1540,  
30 Reissue Revised Statutes of Nebraska, sections 77-2715.07, 77-2717,  
31 77-2734.03, 77-3604, 77-3605, 77-3606, and 81-1201.21, Revised Statutes

1 Cumulative Supplement, 2016, and section 77-27,132, Revised Statutes  
2 Supplement, 2017, are repealed.

3 Sec. 35. The following sections are outright repealed: Sections  
4 81-1210.02 and 81-1210.03, Reissue Revised Statutes of Nebraska, and  
5 section 81-1210.01, Revised Statutes Cumulative Supplement, 2016.