

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 373

Introduced by Schumacher, 22.

Read first time January 13, 2017

Committee: Revenue

1 A BILL FOR AN ACT relating to law; to amend sections 39-2701, 77-2101.01,
2 77-2101.02, 77-2101.03, 77-2701.10, 77-2701.34, 77-2701.47,
3 77-2704.55, 77-2716.01, 77-2716.03, 77-3505.02, 77-4209, 77-5023,
4 and 79-1016, Reissue Revised Statutes of Nebraska, and sections
5 13-3103, 77-201, 77-1116, 77-1237, 77-2701.16, 77-2703, 77-2704.10,
6 77-2708, 77-2715, 77-2715.03, 77-2715.07, 77-2716, 77-2717,
7 77-2734.07, 77-2734.14, 77-27,132, 77-27,235, 77-2912, 77-3501.01,
8 77-3507, and 77-5725, Revised Statutes Cumulative Supplement, 2016;
9 to change provisions relating to applications under the Sports Arena
10 Facility Financing Assistance Act; to terminate the Build Nebraska
11 Act and the Personal Property Tax Relief Act; to change and
12 eliminate revenue and taxation provisions; to harmonize provisions;
13 to provide an operative date; to repeal the original sections; and
14 to outright repeal section 77-2715.09, Reissue Revised Statutes of
15 Nebraska, and sections 77-2704.57, 77-2704.64, 77-2708.01,
16 77-2715.08, and 77-4212, Revised Statutes Cumulative Supplement,
17 2016.
18 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 13-3103, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 13-3103 (1) Any political subdivision or its governing body that has
4 (a) acquired, constructed, improved, or equipped, (b) approved a revenue
5 bond issue or a general obligation bond issue to acquire, construct,
6 improve, or equip, or (c) adopted a resolution authorizing the political
7 subdivision to pursue a general obligation bond issue to acquire,
8 construct, improve, or equip an eligible sports arena facility may apply
9 to the board for state assistance. The state assistance shall only be
10 used to pay back amounts expended or borrowed through one or more issues
11 of bonds to be expended by the political subdivision to acquire,
12 construct, improve, and equip the eligible sports arena facility.

13 (2) For applications for state assistance approved on or after
14 October 1, 2016, no more than fifty percent of the final cost of the
15 eligible sports arena facility shall be funded by state assistance
16 received pursuant to section 13-3108.

17 (3) There shall be no new applications filed under the Sports Arena
18 Facility Financing Assistance Act after the operative date of this act.
19 All applications pending or approved before such date shall continue in
20 full force and effect, except that no state assistance shall be
21 distributed under section 31-3108 after December 31, 2022.

22 Sec. 2. Section 39-2701, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 39-2701 Sections 39-2701 to 39-2705 shall be known and may be cited
25 as the Build Nebraska Act. The Build Nebraska Act terminates on the
26 operative date of this act.

27 Sec. 3. Section 77-201, Revised Statutes Cumulative Supplement,
28 2016, is amended to read:

29 77-201 (1) Except as provided in subsections (2) through (4) of this
30 section, all real property in this state, not expressly exempt therefrom,
31 shall be subject to taxation and shall be valued at its actual value.

1 (2) Agricultural land and horticultural land as defined in section
2 77-1359 shall constitute a separate and distinct class of property for
3 purposes of property taxation, shall be subject to taxation, unless
4 expressly exempt from taxation, and shall be valued at eighty ~~seventy-~~
5 ~~five~~ percent of its actual value.

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

14 (4) Historically significant real property which meets the
15 qualifications for historic rehabilitation valuation under sections
16 77-1385 to 77-1394 shall be valued for taxation as provided in such
17 sections.

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

1 personal property which is compulsorily or involuntarily converted as a
2 result of its destruction in whole or in part, theft, seizure,
3 requisition, or condemnation, or the threat or imminence thereof, and no
4 gain or loss is recognized for federal or state income tax purposes by
5 the holder of the property as a result of the conversion and (b)
6 replacement property means tangible personal property acquired within two
7 years after the close of the calendar year in which tangible personal
8 property was converted and which is, except for date of construction or
9 manufacture, substantially the same as the converted property.

10 Sec. 4. Section 77-1116, Revised Statutes Cumulative Supplement,
11 2016, is amended to read:

12 77-1116 (1) A qualified community development entity that seeks to
13 have an equity investment or long-term debt security designated as a
14 qualified equity investment and eligible for tax credits under the New
15 Markets Job Growth Investment Act shall apply to the Tax Commissioner.
16 There shall be no new applications for such designation filed under this
17 section after the operative date of this act ~~December 31, 2022~~.

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

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

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

26 (c) A certificate executed by an executive officer of the entity
27 attesting that the allocation agreement remains in effect and has not
28 been revoked or canceled by the Community Development Financial
29 Institutions Fund referred to in section 77-1109;

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

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

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

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

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

22 (4) If the application is deemed complete, the Tax Commissioner
23 shall certify the proposed equity investment or long-term debt security
24 as a qualified equity investment that is eligible for tax credits,
25 subject to the limitations contained in section 77-1115. The Tax
26 Commissioner shall provide written notice of the certification to the
27 qualified community development entity. The notice shall include the
28 names of those taxpayers who are eligible to utilize the credits and
29 their respective credit amounts. If the names of the taxpayers who are
30 eligible to utilize the credits change due to a transfer of a qualified
31 equity investment or a change in an allocation pursuant to section

1 77-1114, the qualified community development entity shall notify the Tax
2 Commissioner of such change.

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

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

20 (7) Within thirty days after receiving notice of certification, the
21 qualified community development entity shall issue the qualified equity
22 investment and receive cash in the amount of the certified amount. The
23 qualified community development entity shall provide the Tax Commissioner
24 with evidence of the receipt of the cash investment within ten business
25 days after receipt. If the qualified community development entity does
26 not receive the cash investment and issue the qualified equity investment
27 within thirty days after receipt of the certification notice, the
28 certification shall lapse and the entity may not issue the qualified
29 equity investment without reapplying to the Tax Commissioner for
30 certification. A certification that lapses reverts back to the Tax
31 Commissioner and may be reissued only in accordance with the application

1 process outlined in this section.

2 Sec. 5. Section 77-1237, Revised Statutes Cumulative Supplement,
3 2016, is amended to read:

4 77-1237 Sections 77-1237 to 77-1239 shall be known and may be cited
5 as the Personal Property Tax Relief Act. The Personal Property Tax Relief
6 Act terminates on the operative date of this act.

7 Sec. 6. Section 77-2101.01, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 77-2101.01 (1) In addition to the inheritance taxes imposed by the
10 laws of the State of Nebraska, there is levied and imposed an estate or
11 excise tax ~~for all decedents dying before January 1, 2007,~~ upon the
12 transfer of the estate of every resident decedent and upon the value of
13 any interest in Nebraska real estate and tangible personal property
14 situated in Nebraska of a nonresident decedent.

15 (2) For decedents dying before January 1, 2003, the amount of such
16 tax shall be the maximum state tax credit allowance upon the tax imposed
17 by Chapter 11 of the Internal Revenue Code reduced by the lesser of (a)
18 the aggregate amount of all estate, inheritance, legacy, or succession
19 taxes paid to any state or territory, the District of Columbia, or any
20 possession of the United States in respect of any property subject to
21 such tax or (b) the sum of (i) the amount determined by multiplying the
22 maximum state tax credit allowance with respect to the taxable transfer
23 by the percentage which the gross value of the transferred property not
24 situated in Nebraska bears to the gross value of the transferred property
25 and (ii) the amount of Nebraska inheritance taxes paid.

26 (3) For all decedents dying on or after January 1, 2003, ~~and before~~
27 ~~January 1, 2007,~~ (a) for the estate of every resident decedent, the
28 amount of such tax shall be the amount calculated in section 77-2101.03
29 reduced by the percentage which the gross value of the transferred
30 property not situated in Nebraska bears to the gross value of the
31 transferred property minus the amount of Nebraska inheritance taxes paid,

1 and (b) for the estate of every nonresident decedent, the amount of such
2 tax shall be the amount calculated in section 77-2101.03 multiplied by
3 the percentage which the gross value of the transferred property situated
4 in Nebraska bears to the gross value of the transferred property minus
5 the amount of Nebraska inheritance taxes paid.

6 Sec. 7. Section 77-2101.02, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 77-2101.02 ~~There For all generation skipping transfers occurring~~
9 ~~before January 1, 2007,~~ there is hereby imposed a generation-skipping
10 transfer tax upon the generation-skipping transfer or distribution of
11 property of every resident of this state and upon the generation-skipping
12 transfer of Nebraska real estate and tangible personal property situated
13 in Nebraska by a nonresident. The amount of the generation-skipping
14 transfer tax shall be the amount calculated in section 77-2101.03 reduced
15 by the lesser of (1) the aggregate amount of all transfer taxes paid to
16 any state or territory, the District of Columbia, or any possession of
17 the United States in respect of any property subject to the generation-
18 skipping transfer tax or (2) the amount determined by multiplying the
19 amount calculated in section 77-2101.03 with respect to the taxable
20 transfer by the percentage which the gross value of the transferred
21 property not situated in Nebraska bears to the gross value of the
22 transferred property.

23 Sec. 8. Section 77-2101.03, Reissue Revised Statutes of Nebraska, is
24 amended to read:

25 77-2101.03 (1) For decedents dying on or after January 1, 2003, and
26 before July 1, 2003, the tax on the Nebraska taxable estate shall be the
27 greater of the maximum state tax credit allowance upon the tax imposed
28 under Chapter 11 of the Internal Revenue Code or the amount provided in
29 the following table:

30	Nebraska taxable estate					Of Excess
31	At least	But less than	Tax =	+	%	Over

1	\$0	\$40,000	\$0	0	\$0
2	40,000	90,000	0	.8	40,000
3	90,000	140,000	400	1.6	90,000
4	140,000	240,000	1,200	2.4	140,000
5	240,000	440,000	3,600	3.2	240,000
6	440,000	640,000	10,000	4	440,000
7	640,000	840,000	18,000	4.8	640,000
8	840,000	1,040,000	27,600	5.6	840,000
9	1,040,000	1,540,000	38,800	6.4	1,040,000
10	1,540,000	2,040,000	70,800	7.2	1,540,000
11	2,040,000	2,540,000	106,800	8	2,040,000
12	2,540,000	3,040,000	146,800	8.8	2,540,000
13	3,040,000	3,540,000	190,800	9.6	3,040,000
14	3,540,000	4,040,000	238,800	10.4	3,540,000
15	4,040,000	5,040,000	290,800	11.2	4,040,000
16	5,040,000	6,040,000	402,800	12	5,040,000
17	6,040,000	7,040,000	522,800	12.8	6,040,000
18	7,040,000	8,040,000	650,800	13.6	7,040,000
19	8,040,000	9,040,000	786,800	14.4	8,040,000
20	9,040,000	10,040,000	930,800	15.2	9,040,000
21	10,040,000		1,082,800	16	10,040,000

22 (2) For decedents dying on or after July 1, 2003, and ~~before January~~
 23 ~~1, 2007,~~ the tax on the Nebraska taxable estate shall be the greater of
 24 the maximum state tax credit allowance upon the tax imposed under Chapter
 25 11 of the Internal Revenue Code or the amount provided in the following
 26 table:

27	Nebraska taxable estate		Of Excess			
28	At least	But less than	Tax =	+	%	Over
29	\$0	\$100,000	\$0		5.6	\$0
30	100,000	500,000	5,600		6.4	100,000

1	500,000	1,000,000	31,200	7.2	500,000
2	1,000,000	1,500,000	67,200	8	1,000,000
3	1,500,000	2,000,000	107,200	8.8	1,500,000
4	2,000,000	2,500,000	151,200	9.6	2,000,000
5	2,500,000	3,000,000	199,200	10.4	2,500,000
6	3,000,000	3,500,000	251,200	11.2	3,000,000
7	3,500,000	4,000,000	307,200	12	3,500,000
8	4,000,000	5,000,000	367,200	12.8	4,000,000
9	5,000,000	6,000,000	495,200	13.6	5,000,000
10	6,000,000	7,000,000	631,200	14.4	6,000,000
11	7,000,000	8,000,000	775,200	15.2	7,000,000
12	8,000,000	9,000,000	927,200	16	8,000,000
13	9,000,000		1,087,200	16.8	9,000,000

14 (3) Taxable generation-skipping transfers shall be taxed at a rate
15 of sixteen percent of the Nebraska taxable transfer.

16 Sec. 9. Section 77-2701.10, Reissue Revised Statutes of Nebraska, is
17 amended to read:

18 77-2701.10 Contractor or repairperson means any person who performs
19 any repair services upon property annexed to, or who annexes building
20 materials to, real estate, including leased property, and who, as a
21 necessary and incidental part of performing such services, annexes
22 building materials to the real estate being so repaired or annexed or
23 arranges for such annexation. Contractor or repairperson does not include
24 any person who incorporates live plants into real estate except when such
25 incorporation is incidental to the transfer of an improvement upon real
26 estate or the real estate. The contractor or repairperson not electing to
27 be taxed as a retailer is considered to be the consumer of such building
28 materials furnished by him or her and annexed to the real estate being so
29 repaired or annexed for all the purposes of the Nebraska Revenue Act of
30 1967. The contractor or repairperson:

31 (1) Shall be permitted to make an election that he or she will be

1 taxed as a retailer in which case he or she shall not be considered the
2 final consumer of building materials annexed to real estate;

3 (2) Shall be permitted to make an election that he or she will be
4 taxed as the consumer of building materials annexed to real estate, will
5 pay the sales tax or remit the use tax at the time of purchase, and will
6 maintain a tax-paid inventory; or

7 (3) Shall be permitted to make an election that he or she will be
8 taxed as the consumer of building materials annexed to real estate and
9 may issue a resale certificate when purchasing building materials that
10 will be annexed to real estate. Such person shall then remit the
11 appropriate use tax on any building materials when withdrawn from
12 inventory for the purpose of being annexed to real estate at the rate in
13 effect at the time and place of the withdrawal from inventory.

14 The contractor shall collect and remit the tax on his or her gross
15 receipts for labor in performing construction services as payments are
16 received except as provided in section 77-2704.55.

17 The provisions of this section shall not excuse any person from the
18 obligation to collect sales tax on retail sales of property not annexed
19 to real estate or from the obligation to pay the sales tax or remit the
20 use tax on tools, services, and other materials consumed that are not
21 annexed to real estate.

22 The Department of Revenue shall not prescribe any requirements of
23 Nebraska sales revenue, percentage or otherwise, restricting any person's
24 election. Any change in an election shall require prior approval by the
25 Tax Commissioner.

26 Any change in the election shall, if filed on or prior to the
27 fifteenth of the month, become effective at the beginning of the
28 following month or, if filed after the fifteenth of the month, become
29 effective on the first day of the next succeeding month. Any person who
30 changes his or her election and becomes a contractor or repairperson
31 shall pay the tax on all building materials in inventory which may be

1 annexed to real estate at the time of making the change in election
2 except when such contractor or repairperson elects to purchase inventory
3 with a resale certificate. Any person who changes his or her election and
4 becomes a retailer shall not be entitled to a refund but shall receive a
5 credit for the tax paid on building materials in inventory at the time
6 the building materials are sold. The credit shall be applied against the
7 tax collected on sales of such building materials.

8 Any contractor or repairperson who has not completed and filed an
9 election as required in this section within three months after beginning
10 to operate as a contractor or repairperson shall be considered a retailer
11 for all periods until an election has been made.

12 Sec. 10. Section 77-2701.16, Revised Statutes Cumulative Supplement,
13 2016, is amended to read:

14 77-2701.16 (1) Gross receipts means the total amount of the sale or
15 lease or rental price, as the case may be, of the retail sales of
16 retailers.

17 (2) Gross receipts of every person engaged as a public utility
18 specified in this subsection, as a community antenna television service
19 operator, or as a satellite service operator or any person involved in
20 connecting and installing services defined in subdivision (2)(a), (b), or
21 (d) of this section means:

22 (a)(i) In the furnishing of telephone communication service, other
23 than mobile telecommunications service as described in section
24 77-2703.04, the gross income received from furnishing ancillary services,
25 except for conference bridging services, and intrastate
26 telecommunications services, except for value-added, nonvoice data
27 service.

28 (ii) In the furnishing of mobile telecommunications service as
29 described in section 77-2703.04, the gross income received from
30 furnishing mobile telecommunications service that originates and
31 terminates in the same state to a customer with a place of primary use in

1 Nebraska;

2 (b) In the furnishing of telegraph service, the gross income
3 received from the furnishing of intrastate telegraph services;

4 (c)(i) In the furnishing of gas, sewer, water, and electricity
5 service, other than electricity service to a customer-generator as
6 defined in section 70-2002, the gross income received from the furnishing
7 of such services upon billings or statements rendered to consumers for
8 such utility services.

9 (ii) In the furnishing of electricity service to a customer-
10 generator as defined in section 70-2002, the net energy use upon billings
11 or statements rendered to customer-generators for such electricity
12 service;

13 (d) In the furnishing of community antenna television service or
14 satellite service, the gross income received from the furnishing of such
15 community antenna television service as regulated under sections 18-2201
16 to 18-2205 or 23-383 to 23-388 or satellite service; and

17 (e) The gross income received from the provision, installation,
18 construction, servicing, or removal of property used in conjunction with
19 the furnishing, installing, or connecting of any public utility services
20 specified in subdivision (2)(a) or (b) of this section or community
21 antenna television service or satellite service specified in subdivision
22 (2)(d) of this section, ~~except when acting as a subcontractor for a~~
23 ~~public utility, this subdivision does not apply to the gross income~~
24 ~~received by a contractor electing to be treated as a consumer of building~~
25 ~~materials under subdivision (2) or (3) of section 77-2701.10 for any such~~
26 ~~services performed on the customer's side of the utility demarcation~~
27 ~~point.~~

28 (3) Gross receipts of every person engaged in selling, leasing, or
29 otherwise providing intellectual or entertainment property means:

30 (a) In the furnishing of computer software, the gross income
31 received, including the charges for coding, punching, or otherwise

1 producing any computer software and the charges for the tapes, disks,
2 punched cards, or other properties furnished by the seller; and

3 (b) In the furnishing of videotapes, movie film, satellite
4 programming, satellite programming service, and satellite television
5 signal descrambling or decoding devices, the gross income received from
6 the license, franchise, or other method establishing the charge.

7 (4) Gross receipts for providing a service means:

8 (a) The gross income received for building cleaning and maintenance,
9 pest control, and security;

10 (b) The gross income received for motor vehicle washing, waxing,
11 towing, and painting;

12 (c) The gross income received for computer software training;

13 (d) The gross income received for installing and applying tangible
14 personal property if the sale of the property is subject to tax. If any
15 or all of the charge for installation is free to the customer and is paid
16 by a third-party service provider to the installer, any tax due on that
17 part of the activation commission, finder's fee, installation charge, or
18 similar payment made by the third-party service provider shall be paid
19 and remitted by the third-party service provider;

20 (e) The gross income received for services of recreational vehicle
21 parks;

22 (f) The gross income received for labor for repair or maintenance
23 services performed with regard to tangible personal property the sale of
24 which would be subject to sales and use taxes, excluding motor vehicles,
25 except as otherwise provided in section 77-2704.26 or 77-2704.50;

26 (g) The gross income received for animal specialty services except
27 (i) veterinary services, (ii) specialty services performed on livestock
28 as defined in section 54-183, and (iii) animal grooming performed by a
29 licensed veterinarian or a licensed veterinary technician in conjunction
30 with medical treatment; ~~and~~

31 (h) The gross income received for detective services; and -

1 (i) The gross income received for labor by a contractor electing to
2 be treated as a consumer of building materials under subdivision (2) or
3 (3) of section 77-2701.10 except as provided in section 77-2704.55. For
4 purposes of this subdivision, the gross income received for labor shall
5 be sixty percent of the sales price for building materials and
6 construction services less an allowance for sales tax paid on building
7 materials and construction services. The allowance for sales tax paid on
8 building materials shall equal the sales tax rate in effect at the time
9 payment is received at the location of the project times forty percent of
10 the sales price for building materials and construction services.

11 (5) Gross receipts includes the sale of admissions. When an
12 admission to an activity or a membership constituting an admission is
13 combined with the solicitation of a contribution, the portion or the
14 amount charged representing the fair market price of the admission shall
15 be considered a retail sale subject to the tax imposed by section
16 77-2703. The organization conducting the activity shall determine the
17 amount properly attributable to the purchase of the privilege, benefit,
18 or other consideration in advance, and such amount shall be clearly
19 indicated on any ticket, receipt, or other evidence issued in connection
20 with the payment.

21 (6) Gross receipts includes the sale of live plants incorporated
22 into real estate except when such incorporation is incidental to the
23 transfer of an improvement upon real estate or the real estate.

24 (7) Gross receipts includes the sale of any building materials
25 annexed to real estate and any construction services provided by a person
26 electing to be taxed as a retailer pursuant to subdivision (1) of section
27 77-2701.10.

28 (8) Gross receipts includes the sale of and recharge of prepaid
29 calling service and prepaid wireless calling service.

30 (9) Gross receipts includes the retail sale of digital audio works,
31 digital audiovisual works, digital codes, and digital books delivered

1 electronically if the products are taxable when delivered on tangible
2 storage media. A sale includes the transfer of a permanent right of use,
3 the transfer of a right of use that terminates on some condition, and the
4 transfer of a right of use conditioned upon the receipt of continued
5 payments.

6 (10) Gross receipts does not include:

7 (a) The amount of any rebate granted by a motor vehicle or motorboat
8 manufacturer or dealer at the time of sale of the motor vehicle or
9 motorboat, which rebate functions as a discount from the sales price of
10 the motor vehicle or motorboat; or

11 (b) The price of property or services returned or rejected by
12 customers when the full sales price is refunded either in cash or credit.

13 Sec. 11. Section 77-2701.34, Reissue Revised Statutes of Nebraska,
14 is amended to read:

15 77-2701.34 Sale for resale means a sale of property or provision of
16 a service to any purchaser who is purchasing such property or service for
17 the purpose of reselling it in the normal course of his or her business,
18 either in the form or condition in which it is purchased or as an
19 attachment to or integral part of other property or service. A sale for
20 resale includes (1) a sale of building materials to a contractor or
21 repairperson electing to be taxed as a retailer under subdivision (1) of
22 section 77-2701.10 or a sale of building materials to a contractor or
23 repairperson being taxed as the consumer of building materials and
24 electing a tax-free inventory under subdivision (3) of section
25 77-2701.10, (2) a sale of property to a purchaser for the sole purpose of
26 that purchaser renting or leasing such property to another person, with
27 rent or lease payments set at a fair market value, (3) film rentals for
28 use in a place where an admission is charged that is subject to tax under
29 the Nebraska Revenue Act of 1967 but not if incidental to the renting or
30 leasing of real estate, ~~or~~ (4) a sale of digital products, community
31 antenna television services, Internet services, and satellite services to

1 a person who receives by contract the product or service transferred
2 electronically for further broadcast, transmission, retransmission,
3 licensing, relicensing, distribution, redistribution, or exhibition of
4 the product or service for use in a place where an admission is charged
5 that is subject to sales tax under the Nebraska Revenue Act of 1967, or
6 (5) a sale of construction services by a contractor to another
7 contractor.

8 Sec. 12. Section 77-2701.47, Reissue Revised Statutes of Nebraska,
9 is amended to read:

10 77-2701.47 (1) Manufacturing machinery and equipment means any
11 machinery or equipment purchased, leased, or rented by a person engaged
12 in the business of manufacturing for use in manufacturing, including, but
13 not limited to:

14 (a) Machinery or equipment for use in manufacturing to produce,
15 fabricate, assemble, process, finish, refine, or package tangible
16 personal property;

17 (b) Machinery or equipment for use in transporting, conveying,
18 handling, or storing by the manufacturer the raw materials or components
19 to be used in manufacturing or the products produced by the manufacturer;

20 ~~(c) Molds and dies and the materials necessary to create molds and~~
21 ~~dies for use in manufacturing that determine the physical characteristics~~
22 ~~of the finished product or its packaging material, whether or not such~~
23 ~~molds or dies are permanent or temporary in nature, and including any~~
24 ~~chemicals, solutions, or catalysts utilized in the mold or die process~~
25 ~~even if such items are consumed during the course of the mold or die~~
26 ~~process;~~

27 (c) (d) Machinery or equipment for use in manufacturing to maintain
28 the integrity of the product or to maintain unique environmental
29 conditions required for either the product or the machinery and equipment
30 used in manufacturing by a manufacturer;

31 (d) (e) Testing equipment for use in manufacturing to measure the

1 quality of the finished product;

2 ~~(e) (f)~~ Computers, software, and related peripheral equipment for
3 use in manufacturing to guide, control, operate, or measure the
4 manufacturing process;

5 ~~(f) (g)~~ Machinery or equipment for use in manufacturing to produce
6 steam, electricity, or chemical catalysts and solutions that are
7 essential to the manufacturing process even if such produced items are
8 consumed during the course of the manufacturing process or do not become
9 necessary or integral parts of the finished product; and

10 ~~(g) (h)~~ A repair or replacement part or accessory purchased for use
11 in maintaining, repairing, or refurbishing machinery and equipment used
12 in manufacturing.

13 (2) Manufacturing machinery and equipment does not include: Vehicles
14 required to be registered for operation on the roads and highways of this
15 state; hand tools; office equipment; and computers, software, and related
16 peripheral equipment not used in guiding, controlling, operating, or
17 measuring of the manufacturing process. Machinery or equipment does not
18 need to come into direct physical contact with any of the raw materials,
19 components, or products that are part of the manufacturing process to be
20 considered manufacturing machinery or equipment.

21 Sec. 13. Section 77-2703, Revised Statutes Cumulative Supplement,
22 2016, is amended to read:

23 77-2703 (1) There is hereby imposed a tax at the rate provided in
24 section 77-2701.02 upon the gross receipts from all sales of tangible
25 personal property sold at retail in this state; the gross receipts of
26 every person engaged as a public utility, as a community antenna
27 television service operator, or as a satellite service operator, any
28 person involved in the connecting and installing of the services defined
29 in subdivision (2)(a), (b), (d), or (e) of section 77-2701.16, or every
30 person engaged as a retailer of intellectual or entertainment properties
31 referred to in subsection (3) of section 77-2701.16; the gross receipts

1 from the sale of admissions in this state; the gross receipts from the
2 sale of warranties, guarantees, service agreements, or maintenance
3 agreements when the items covered are subject to tax under this section;
4 beginning January 1, 2008, the gross receipts from the sale of bundled
5 transactions when one or more of the products included in the bundle are
6 taxable; the gross receipts from the provision of services defined in
7 subsection (4) of section 77-2701.16; and the gross receipts from the
8 sale of products delivered electronically as described in subsection (9)
9 of section 77-2701.16. Except as provided in section 77-2701.03, when
10 there is a sale, the tax shall be imposed at the rate in effect at the
11 time the gross receipts are realized under the accounting basis used by
12 the retailer to maintain his or her books and records or, for a
13 contractor, at the time when payment is received for construction
14 services.

15 (a) The tax imposed by this section shall be collected by the
16 retailer from the consumer. It shall constitute a part of the purchase
17 price and until collected shall be a debt from the consumer to the
18 retailer and shall be recoverable at law in the same manner as other
19 debts. The tax required to be collected by the retailer from the consumer
20 constitutes a debt owed by the retailer to this state.

21 (b) It is unlawful for any retailer to advertise, hold out, or state
22 to the public or to any customer, directly or indirectly, that the tax or
23 part thereof will be assumed or absorbed by the retailer, that it will
24 not be added to the selling, renting, or leasing price of the property
25 sold, rented, or leased, or that, if added, it or any part thereof will
26 be refunded. The provisions of this subdivision shall not apply to a
27 public utility.

28 (c) The tax required to be collected by the retailer from the
29 purchaser, unless otherwise provided by statute or by rule and regulation
30 of the Tax Commissioner, shall be displayed separately from the list
31 price, the price advertised in the premises, the marked price, or other

1 price on the sales check or other proof of sales, rentals, or leases.

2 (d) For the purpose of more efficiently securing the payment,
3 collection, and accounting for the sales tax and for the convenience of
4 the retailer in collecting the sales tax, it shall be the duty of the Tax
5 Commissioner to provide a schedule or schedules of the amounts to be
6 collected from the consumer or user to effectuate the computation and
7 collection of the tax imposed by the Nebraska Revenue Act of 1967. Such
8 schedule or schedules shall provide that the tax shall be collected from
9 the consumer or user uniformly on sales according to brackets based on
10 sales prices of the item or items. Retailers may compute the tax due on
11 any transaction on an item or an invoice basis. The rounding rule
12 provided in section 77-3,117 applies.

13 (e) The use of tokens or stamps for the purpose of collecting or
14 enforcing the collection of the taxes imposed in the Nebraska Revenue Act
15 of 1967 or for any other purpose in connection with such taxes is
16 prohibited.

17 (f) For the purpose of the proper administration of the provisions
18 of the Nebraska Revenue Act of 1967 and to prevent evasion of the retail
19 sales tax, it shall be presumed that all gross receipts are subject to
20 the tax until the contrary is established. The burden of proving that a
21 sale of property is not a sale at retail is upon the person who makes the
22 sale unless he or she takes from the purchaser (i) a resale certificate
23 to the effect that the property is purchased for the purpose of
24 reselling, leasing, or renting it, (ii) an exemption certificate pursuant
25 to subsection (7) of section 77-2705, or (iii) a direct payment permit
26 pursuant to sections 77-2705.01 to 77-2705.03. Receipt of a resale
27 certificate, exemption certificate, or direct payment permit shall be
28 conclusive proof for the seller that the sale was made for resale or was
29 exempt or that the tax will be paid directly to the state.

30 (g) In the rental or lease of automobiles, trucks, trailers,
31 semitrailers, and truck-tractors as defined in the Motor Vehicle

1 Registration Act, the tax shall be collected by the lessor on the rental
2 or lease price, except as otherwise provided within this section.

3 (h) In the rental or lease of automobiles, trucks, trailers,
4 semitrailers, and truck-tractors as defined in the act, for periods of
5 one year or more, the lessor may elect not to collect and remit the sales
6 tax on the gross receipts and instead pay a sales tax on the cost of such
7 vehicle. If such election is made, it shall be made pursuant to the
8 following conditions:

9 (i) Notice of the desire to make such election shall be filed with
10 the Tax Commissioner and shall not become effective until the Tax
11 Commissioner is satisfied that the taxpayer has complied with all
12 conditions of this subsection and all rules and regulations of the Tax
13 Commissioner;

14 (ii) Such election when made shall continue in force and effect for
15 a period of not less than two years and thereafter until such time as the
16 lessor elects to terminate the election;

17 (iii) When such election is made, it shall apply to all vehicles of
18 the lessor rented or leased for periods of one year or more except
19 vehicles to be leased to common or contract carriers who provide to the
20 lessor a valid common or contract carrier exemption certificate. If the
21 lessor rents or leases other vehicles for periods of less than one year,
22 such lessor shall maintain his or her books and records and his or her
23 accounting procedure as the Tax Commissioner prescribes; and

24 (iv) The Tax Commissioner by rule and regulation shall prescribe the
25 contents and form of the notice of election, a procedure for the
26 determination of the tax base of vehicles which are under an existing
27 lease at the time such election becomes effective, the method and manner
28 for terminating such election, and such other rules and regulations as
29 may be necessary for the proper administration of this subdivision.

30 (i) The tax imposed by this section on the sales of motor vehicles,
31 semitrailers, and trailers as defined in sections 60-339, 60-348, and

1 60-354 shall be the liability of the purchaser and, with the exception of
2 motor vehicles, semitrailers, and trailers registered pursuant to section
3 60-3,198, the tax shall be collected by the county treasurer as provided
4 in the Motor Vehicle Registration Act at the time the purchaser makes
5 application for the registration of the motor vehicle, semitrailer, or
6 trailer for operation upon the highways of this state. The tax imposed by
7 this section on motor vehicles, semitrailers, and trailers registered
8 pursuant to section 60-3,198 shall be collected by the Department of
9 Motor Vehicles at the time the purchaser makes application for the
10 registration of the motor vehicle, semitrailer, or trailer for operation
11 upon the highways of this state. At the time of the sale of any motor
12 vehicle, semitrailer, or trailer, the seller shall (i) state on the sales
13 invoice the dollar amount of the tax imposed under this section and (ii)
14 furnish to the purchaser a certified statement of the transaction, in
15 such form as the Tax Commissioner prescribes, setting forth as a minimum
16 the total sales price, the allowance for any trade-in, and the difference
17 between the two. The sales tax due shall be computed on the difference
18 between the total sales price and the allowance for any trade-in as
19 disclosed by such certified statement. Any seller who willfully
20 understates the amount upon which the sales tax is due shall be subject
21 to a penalty of one thousand dollars. A copy of such certified statement
22 shall also be furnished to the Tax Commissioner. Any seller who fails or
23 refuses to furnish such certified statement shall be guilty of a
24 misdemeanor and shall, upon conviction thereof, be punished by a fine of
25 not less than twenty-five dollars nor more than one hundred dollars. If
26 the purchaser does not register such motor vehicle, semitrailer, or
27 trailer for operation on the highways of this state within thirty days of
28 the purchase thereof, the tax imposed by this section shall immediately
29 thereafter be paid by the purchaser to the county treasurer or the
30 Department of Motor Vehicles. If the tax is not paid on or before the
31 thirtieth day after its purchase, the county treasurer or Department of

1 Motor Vehicles shall also collect from the purchaser interest from the
2 thirtieth day through the date of payment and sales tax penalties as
3 provided in the Nebraska Revenue Act of 1967. The county treasurer or
4 Department of Motor Vehicles shall report and remit the tax so collected
5 to the Tax Commissioner by the fifteenth day of the following month. The
6 county treasurer shall deduct and withhold for the use of the county
7 general fund, from all amounts required to be collected under this
8 subsection, the collection fee permitted to be deducted by any retailer
9 collecting the sales tax. The Department of Motor Vehicles shall deduct,
10 withhold, and deposit in the Motor Carrier Division Cash Fund the
11 collection fee permitted to be deducted by any retailer collecting the
12 sales tax. The collection fee shall be forfeited if the county treasurer
13 or Department of Motor Vehicles violates any rule or regulation
14 pertaining to the collection of the use tax.

15 (j)(i) The tax imposed by this section on the sale of a motorboat as
16 defined in section 37-1204 shall be the liability of the purchaser. The
17 tax shall be collected by the county treasurer at the time the purchaser
18 makes application for the registration of the motorboat. At the time of
19 the sale of a motorboat, the seller shall (A) state on the sales invoice
20 the dollar amount of the tax imposed under this section and (B) furnish
21 to the purchaser a certified statement of the transaction, in such form
22 as the Tax Commissioner prescribes, setting forth as a minimum the total
23 sales price, the allowance for any trade-in, and the difference between
24 the two. The sales tax due shall be computed on the difference between
25 the total sales price and the allowance for any trade-in as disclosed by
26 such certified statement. Any seller who willfully understates the amount
27 upon which the sales tax is due shall be subject to a penalty of one
28 thousand dollars. A copy of such certified statement shall also be
29 furnished to the Tax Commissioner. Any seller who fails or refuses to
30 furnish such certified statement shall be guilty of a misdemeanor and
31 shall, upon conviction thereof, be punished by a fine of not less than

1 twenty-five dollars nor more than one hundred dollars. If the purchaser
2 does not register such motorboat within thirty days of the purchase
3 thereof, the tax imposed by this section shall immediately thereafter be
4 paid by the purchaser to the county treasurer. If the tax is not paid on
5 or before the thirtieth day after its purchase, the county treasurer
6 shall also collect from the purchaser interest from the thirtieth day
7 through the date of payment and sales tax penalties as provided in the
8 Nebraska Revenue Act of 1967. The county treasurer shall report and remit
9 the tax so collected to the Tax Commissioner by the fifteenth day of the
10 following month. The county treasurer shall deduct and withhold for the
11 use of the county general fund, from all amounts required to be collected
12 under this subsection, the collection fee permitted to be deducted by any
13 retailer collecting the sales tax. The collection fee shall be forfeited
14 if the county treasurer violates any rule or regulation pertaining to the
15 collection of the use tax.

16 (ii) In the rental or lease of motorboats, the tax shall be
17 collected by the lessor on the rental or lease price.

18 (k)(i) The tax imposed by this section on the sale of an all-terrain
19 vehicle as defined in section 60-103 or a utility-type vehicle as defined
20 in section 60-135.01 shall be the liability of the purchaser. The tax
21 shall be collected by the county treasurer at the time the purchaser
22 makes application for the certificate of title for the all-terrain
23 vehicle or utility-type vehicle. At the time of the sale of an all-
24 terrain vehicle or a utility-type vehicle, the seller shall (A) state on
25 the sales invoice the dollar amount of the tax imposed under this section
26 and (B) furnish to the purchaser a certified statement of the
27 transaction, in such form as the Tax Commissioner prescribes, setting
28 forth as a minimum the total sales price, the allowance for any trade-in,
29 and the difference between the two. The sales tax due shall be computed
30 on the difference between the total sales price and the allowance for any
31 trade-in as disclosed by such certified statement. Any seller who

1 willfully understates the amount upon which the sales tax is due shall be
2 subject to a penalty of one thousand dollars. A copy of such certified
3 statement shall also be furnished to the Tax Commissioner. Any seller who
4 fails or refuses to furnish such certified statement shall be guilty of a
5 misdemeanor and shall, upon conviction thereof, be punished by a fine of
6 not less than twenty-five dollars nor more than one hundred dollars. If
7 the purchaser does not obtain a certificate of title for such all-terrain
8 vehicle or utility-type vehicle within thirty days of the purchase
9 thereof, the tax imposed by this section shall immediately thereafter be
10 paid by the purchaser to the county treasurer. If the tax is not paid on
11 or before the thirtieth day after its purchase, the county treasurer
12 shall also collect from the purchaser interest from the thirtieth day
13 through the date of payment and sales tax penalties as provided in the
14 Nebraska Revenue Act of 1967. The county treasurer shall report and remit
15 the tax so collected to the Tax Commissioner by the fifteenth day of the
16 following month. The county treasurer shall deduct and withhold for the
17 use of the county general fund, from all amounts required to be collected
18 under this subsection, the collection fee permitted to be deducted by any
19 retailer collecting the sales tax. The collection fee shall be forfeited
20 if the county treasurer violates any rule or regulation pertaining to the
21 collection of the use tax.

22 (ii) In the rental or lease of an all-terrain vehicle or a utility-
23 type vehicle, the tax shall be collected by the lessor on the rental or
24 lease price.

25 (iii) County treasurers are appointed as sales and use tax
26 collectors for all sales of all-terrain vehicles or utility-type vehicles
27 made outside of this state to purchasers or users of all-terrain vehicles
28 or utility-type vehicles which are required to have a certificate of
29 title in this state. The county treasurer shall collect the applicable
30 use tax from the purchaser of an all-terrain vehicle or a utility-type
31 vehicle purchased outside of this state at the time application for a

1 certificate of title is made. The full use tax on the purchase price
2 shall be collected by the county treasurer if a sales or occupation tax
3 was not paid by the purchaser in the state of purchase. If a sales or
4 occupation tax was lawfully paid in the state of purchase at a rate less
5 than the tax imposed in this state, use tax must be collected on the
6 difference as a condition for obtaining a certificate of title in this
7 state.

8 (1) The Tax Commissioner shall adopt and promulgate necessary rules
9 and regulations for determining the amount subject to the taxes imposed
10 by this section so as to insure that the full amount of any applicable
11 tax is paid in cases in which a sale is made of which a part is subject
12 to the taxes imposed by this section and a part of which is not so
13 subject and a separate accounting is not practical or economical.

14 (2) A use tax is hereby imposed on the storage, use, or other
15 consumption in this state of property purchased, leased, or rented from
16 any retailer and on any transaction the gross receipts of which are
17 subject to tax under subsection (1) of this section on or after June 1,
18 1967, for storage, use, or other consumption in this state at the rate
19 set as provided in subsection (1) of this section on the sales price of
20 the property or, in the case of leases or rentals, of the lease or rental
21 prices.

22 (a) Every person storing, using, or otherwise consuming in this
23 state property purchased from a retailer or leased or rented from another
24 person for such purpose shall be liable for the use tax at the rate in
25 effect when his or her liability for the use tax becomes certain under
26 the accounting basis used to maintain his or her books and records. His
27 or her liability shall not be extinguished until the use tax has been
28 paid to this state, except that a receipt from a retailer engaged in
29 business in this state or from a retailer who is authorized by the Tax
30 Commissioner, under such rules and regulations as he or she may
31 prescribe, to collect the sales tax and who is, for the purposes of the

1 Nebraska Revenue Act of 1967 relating to the sales tax, regarded as a
2 retailer engaged in business in this state, which receipt is given to the
3 purchaser pursuant to subdivision (b) of this subsection, shall be
4 sufficient to relieve the purchaser from further liability for the tax to
5 which the receipt refers.

6 (b) Every retailer engaged in business in this state and selling,
7 leasing, or renting property for storage, use, or other consumption in
8 this state shall, at the time of making any sale, collect any tax which
9 may be due from the purchaser and shall give to the purchaser, upon
10 request, a receipt therefor in the manner and form prescribed by the Tax
11 Commissioner.

12 (c) The Tax Commissioner, in order to facilitate the proper
13 administration of the use tax, may designate such person or persons as he
14 or she may deem necessary to be use tax collectors and delegate to such
15 persons such authority as is necessary to collect any use tax which is
16 due and payable to the State of Nebraska. The Tax Commissioner may
17 require of all persons so designated a surety bond in favor of the State
18 of Nebraska to insure against any misappropriation of state funds so
19 collected. The Tax Commissioner may require any tax official, city,
20 county, or state, to collect the use tax on behalf of the state. All
21 persons designated to or required to collect the use tax shall account
22 for such collections in the manner prescribed by the Tax Commissioner.
23 Nothing in this subdivision shall be so construed as to prevent the Tax
24 Commissioner or his or her employees from collecting any use taxes due
25 and payable to the State of Nebraska.

26 (d) All persons designated to collect the use tax and all persons
27 required to collect the use tax shall forward the total of such
28 collections to the Tax Commissioner at such time and in such manner as
29 the Tax Commissioner may prescribe. For all use taxes collected prior to
30 October 1, 2002, such collectors of the use tax shall deduct and withhold
31 from the amount of taxes collected two and one-half percent of the first

1 three thousand dollars remitted each month and one-half of one percent of
2 all amounts in excess of three thousand dollars remitted each month as
3 reimbursement for the cost of collecting the tax. For use taxes collected
4 on and after October 1, 2002, such collectors of the use tax shall deduct
5 and withhold from the amount of taxes collected two and one-half percent
6 of the first three thousand dollars remitted each month as reimbursement
7 for the cost of collecting the tax. Any such deduction shall be forfeited
8 to the State of Nebraska if such collector violates any rule, regulation,
9 or directive of the Tax Commissioner.

10 (e) For the purpose of the proper administration of the Nebraska
11 Revenue Act of 1967 and to prevent evasion of the use tax, it shall be
12 presumed that property sold, leased, or rented by any person for delivery
13 in this state is sold, leased, or rented for storage, use, or other
14 consumption in this state until the contrary is established. The burden
15 of proving the contrary is upon the person who purchases, leases, or
16 rents the property.

17 (f) For the purpose of the proper administration of the Nebraska
18 Revenue Act of 1967 and to prevent evasion of the use tax, for the sale
19 of property to an advertising agency which purchases the property as an
20 agent for a disclosed or undisclosed principal, the advertising agency is
21 and remains liable for the sales and use tax on the purchase the same as
22 if the principal had made the purchase directly.

23 Sec. 14. Section 77-2704.10, Revised Statutes Cumulative Supplement,
24 2016, is amended to read:

25 77-2704.10 Sales and use taxes shall not be imposed on the gross
26 receipts from the sale, lease, or rental of and the storage, use, or
27 other consumption in this state of:

28 (1) Prepared food and food and food ingredients served by public or
29 private schools, school districts, student organizations, or parent-
30 teacher associations pursuant to an agreement with the proper school
31 authorities, in an elementary or secondary school or at any institution

1 of higher education, public or private, during the regular school day or
2 at an approved function of any such school or institution. This exemption
3 does not apply to sales by an institution of higher education at any
4 facility or function which is open to the general public;

5 (2) Prepared food and food and food ingredients sold by a church at
6 a function of such church;

7 (3) Prepared food and food and food ingredients served to patients
8 and inmates of hospitals and other institutions licensed by the state for
9 the care of human beings;

10 (4) Prepared food and food and food ingredients sold at a political
11 event by ballot question committees, candidate committees, independent
12 committees, and political party committees as defined in the Nebraska
13 Political Accountability and Disclosure Act or fees and admissions
14 charged for such political event;

15 (5) Prepared food and food and food ingredients sold to the elderly,
16 handicapped, or recipients of Supplemental Security Income by an
17 organization that actually accepts electronic benefits transfer under
18 regulations issued by the United States Department of Agriculture
19 although it is not necessary for the purchaser to use electronic benefits
20 transfer to pay for the prepared food and food and food ingredients; and

21 (6) Fees and admissions charged by a public or private elementary or
22 secondary school and fees and admissions charged by a school district,
23 student organization, or parent-teacher association, pursuant to an
24 agreement with the proper school authorities, in a public or private
25 elementary or secondary school during the regular school day or at an
26 approved function of any such school. ;

27 ~~(7) Fees and admissions charged for participants in any activity~~
28 ~~provided by a nonprofit organization that is exempt from income tax under~~
29 ~~section 501(c)(3) of the Internal Revenue Code of 1986, as amended, which~~
30 ~~organization conducts statewide sport events with multiple sports for~~
31 ~~both adults and youth; and~~

1 ~~(8) Fees and admissions charged for participants in any activity~~
2 ~~provided by a nonprofit organization that is exempt from income tax under~~
3 ~~section 501(c)(3) of the Internal Revenue Code of 1986, as amended, which~~
4 ~~organization is affiliated with a national organization, primarily~~
5 ~~dedicated to youth development and healthy living, and offers sports~~
6 ~~instruction and sports leagues or sports events in multiple sports.~~

7 Sec. 15. Section 77-2704.55, Reissue Revised Statutes of Nebraska,
8 is amended to read:

9 77-2704.55 (1) Sales and use taxes shall not be imposed on the gross
10 receipts from the labor of a contractor purchased in connection with the
11 following types of construction projects:

12 (a) The first or original construction of a structure;

13 (b) The addition of an entire room or floor to any existing
14 building;

15 (c) The completion of an unfinished portion of an existing
16 structure;

17 (d) The restoration, reconstruction, or replacement of a structure
18 damaged or destroyed by fire, flood, tornado, lightning, explosion, ice
19 storm, or natural disaster;

20 (e) The construction, repair, or annexation of any structure used
21 for the generation, transmission, or distribution of electricity; or

22 (f) The major renovation of an existing building or a unit of an
23 existing building described in subdivision (2)(c)(ii) of this section.
24 For a project on a building other than an existing dwelling designed for
25 occupancy by one family or a duplex designed for occupancy by two
26 families, the exemption granted in this subdivision shall be conditioned
27 upon the taxpayer seeking approval from the Department of Revenue that
28 the project, if substantially completed according to designs, plans,
29 specifications, or other materials submitted with the application to the
30 department, meets the requirements for a major renovation under
31 subdivision (2)(c)(ii) of this section. For a project on an existing

1 dwelling designed for occupancy by one family or a duplex designed for
2 occupancy by two families, the exemption may be granted either upon
3 approval by the department that the project, if substantially completed
4 according to plans submitted with the application to the department,
5 meets the requirements for a major renovation under subdivision (2)(c)
6 (ii) of this section or notice from the contractor to the department of
7 the nature of the project and an explanation of why the renovation will
8 qualify for the exemption. Approval may be granted in accordance with the
9 procedures set forth in subsection (4) of this section.

10 (2) For purposes of this section:

11 (a) Building means any freestanding structure annexed to land,
12 enclosed within a roof and exterior walls, regardless of whether enclosed
13 on all sides;

14 (b) Fixture means a piece of equipment that must be annexed to the
15 building or structure in order to properly function, yet remains
16 identifiable as a separate item;

17 (c) Major renovation of an existing building or a unit of an
18 existing building means a single renovation project that:

19 (i) Increases the market value of the building or unit by at least
20 one hundred percent; or

21 (ii) Entails the renovation of no less than seventy-five percent of
22 the square feet of the building or unit;

23 (d) Renovation means the rehabilitation, replacement, or
24 reconfiguration of walls or fixtures. Mere replacement of floor coverings
25 does not constitute renovation for purposes of subdivision (1)(f) of this
26 section;

27 (e) Structure means any construction composed of building materials
28 arranged and fitted together in some way. Structure includes, but is not
29 limited to, streets and roadways, street lighting, and sewers and
30 waterlines; and

31 (f) Unit means a physical portion of a building designated for

1 separate ownership, rental, or occupancy.

2 ~~(3) (1) Construction services performed on an owner-occupied~~
3 ~~residential unit shall be subject to tax prior to October 1, 2007, but~~
4 ~~the owner shall be entitled to a refund of any sales and use taxes paid~~
5 ~~by the owner on construction services pursuant to this subsection. A~~
6 ~~taxpayer shall be entitled to a refund of any sales tax paid to a~~
7 ~~contractor on the gross receipts from the labor of a contractor for any~~
8 ~~major renovation described in subdivision (2)(c)(i) of this section or,~~
9 ~~if prior approval of the renovation pursuant to this section has not been~~
10 ~~obtained, for any major renovation described in subdivision (2)(c)(ii) of~~
11 ~~this section on the gross receipts for the labor of a contractor for any~~
12 ~~major addition, remodeling, restoration, repair, or renovation described~~
13 ~~in this section as it existed prior to October 1, 2007. The refund~~
14 ~~granted in this subsection shall be conditioned upon filing a claim for~~
15 ~~the refund on a form developed by the Tax Commissioner. The requirements~~
16 ~~imposed by the Tax Commissioner shall be related to ensuring that the~~
17 ~~project qualifies for the refund. Any information received pursuant to~~
18 ~~the requirements of this subsection may be disclosed to any tax official~~
19 ~~in this state. Any taxpayer who provides false information on the forms~~
20 ~~required by the Tax Commissioner for purposes of this subsection shall be~~
21 ~~subject to the penalties provided in subsection (8) of section 77-2705.~~

22 (4)(a) A taxpayer may apply to the Tax Commissioner for approval
23 that a proposed construction project meets the requirements for a major
24 renovation described in subdivision (2)(c)(ii) of this section.

25 (b) The approval granted pursuant to this subsection shall be
26 conditioned upon filing an application on a form developed by the Tax
27 Commissioner with an application fee of five hundred dollars. The
28 application fee shall be remitted to the State Treasurer for credit to
29 the Department of Revenue Contractor Enforcement Fund. The application
30 shall be supported by designs, plans, specifications, or other materials,
31 signed by a licensed architect or engineer, that indicate the extent of

1 the renovation, the work that is planned to be performed, and the square
2 footage of the floor space that is to be renovated. Any requirements
3 imposed by the Tax Commissioner shall be related to ensuring that the
4 project qualifies for the exemption and the project is completed in
5 substantial conformity with the designs, plans, specifications, or other
6 materials submitted with the application.

7 (c) The Tax Commissioner shall approve or deny the application
8 within sixty business days after receiving the application. Within sixty
9 days after the completion of the renovation, a licensed architect or
10 engineer shall certify to the Tax Commissioner that the renovation was
11 completed in substantial conformity with the designs, plans,
12 specifications, or other materials submitted with the application or
13 shall amend the original application to describe the project as actually
14 completed.

15 (d) Any information received pursuant to the requirements of this
16 subsection may be disclosed to any tax official in this state. Any person
17 who provides false information on the forms or plans, specifications, and
18 materials required by the Tax Commissioner for purposes of this
19 subsection shall be subject to the penalties provided in subsection (8)
20 of section 77-2705.

21 (5) The provisions of this section shall not excuse any person from
22 the obligation to collect sales tax on retail sales of property not
23 annexed to real estate or from the obligation to pay the sales tax or
24 remit the use tax on tools, services, and other materials consumed that
25 are not annexed to real estate.

26 (6) ~~(2)~~ The Department of Revenue Contractor Enforcement Fund is
27 created. Any money in the fund available for investment shall be invested
28 by the state investment officer pursuant to the Nebraska Capital
29 Expansion Act and the Nebraska State Funds Investment Act.

30 Sec. 16. Section 77-2708, Revised Statutes Cumulative Supplement,
31 2016, is amended to read:

1 77-2708 (1)(a) The sales and use taxes imposed by the Nebraska
2 Revenue Act of 1967 shall be due and payable to the Tax Commissioner
3 monthly on or before the twentieth day of the month next succeeding each
4 monthly period unless otherwise provided pursuant to the Nebraska Revenue
5 Act of 1967.

6 (b)(i) On or before the twentieth day of the month following each
7 monthly period or such other period as the Tax Commissioner may require,
8 a return for such period, along with all taxes due, shall be filed with
9 the Tax Commissioner in such form and content as the Tax Commissioner may
10 prescribe and containing such information as the Tax Commissioner deems
11 necessary for the proper administration of the Nebraska Revenue Act of
12 1967. The Tax Commissioner, if he or she deems it necessary in order to
13 insure payment to or facilitate the collection by the state of the amount
14 of sales or use taxes due, may require returns and payment of the amount
15 of such taxes for periods other than monthly periods in the case of a
16 particular seller, retailer, or purchaser, as the case may be. The Tax
17 Commissioner shall by rule and regulation require reports and tax
18 payments from sellers, retailers, or purchasers depending on their yearly
19 tax liability. Except as required by the streamlined sales and use tax
20 agreement, annual returns shall be required if such sellers', retailers',
21 or purchasers' yearly tax liability is less than nine hundred dollars,
22 quarterly returns shall be required if their yearly tax liability is nine
23 hundred dollars or more and less than three thousand dollars, and monthly
24 returns shall be required if their yearly tax liability is three thousand
25 dollars or more. The Tax Commissioner shall have the discretion to allow
26 an annual return for seasonal retailers, even when their yearly tax
27 liability exceeds the amounts listed in this subdivision.

28 The Tax Commissioner may adopt and promulgate rules and regulations
29 to allow annual, semiannual, or quarterly returns for any retailer making
30 monthly remittances or payments of sales and use taxes by electronic
31 funds transfer or for any retailer remitting tax to the state pursuant to

1 the streamlined sales and use tax agreement. Such rules and regulations
2 may establish a method of determining the amount of the payment that will
3 result in substantially all of the tax liability being paid each quarter.
4 At least once each year, the difference between the amount paid and the
5 amount due shall be reconciled. If the difference is more than ten
6 percent of the amount paid, a penalty of fifty percent of the unpaid
7 amount shall be imposed.

8 (ii) For purposes of the sales tax, a return shall be filed by every
9 retailer liable for collection from a purchaser and payment to the state
10 of the tax, except that a combined sales tax return may be filed for all
11 licensed locations which are subject to common ownership. For purposes of
12 this subdivision, common ownership means the same person or persons own
13 eighty percent or more of each licensed location. For purposes of the use
14 tax, a return shall be filed by every retailer engaged in business in
15 this state and by every person who has purchased property, the storage,
16 use, or other consumption of which is subject to the use tax, but who has
17 not paid the use tax due to a retailer required to collect the tax.

18 (iii) The Tax Commissioner may require that returns be signed by the
19 person required to file the return or by his or her duly authorized agent
20 but need not be verified by oath.

21 (iv) A taxpayer who keeps his or her regular books and records on a
22 cash basis, an accrual basis, or any generally recognized accounting
23 basis which correctly reflects the operation of the business may file the
24 sales and use tax returns required by the Nebraska Revenue Act of 1967 on
25 the same accounting basis that is used for the regular books and records,
26 except that on credit, conditional, and installment sales, the retailer
27 who keeps his or her books on an accrual basis may report such sales on
28 the cash basis and pay the tax upon the collections made during each
29 month. If a taxpayer transfers, sells, assigns, or otherwise disposes of
30 an account receivable, he or she shall be deemed to have received the
31 full balance of the consideration for the original sale and shall be

1 liable for the remittance of the sales tax on the balance of the total
2 sale price not previously reported, except that such transfer, sale,
3 assignment, or other disposition of an account receivable by a retailer
4 to a subsidiary shall not be deemed to require the retailer to pay the
5 sales tax on the credit sale represented by the account transferred prior
6 to the time the customer makes payment on such account. If the subsidiary
7 does not obtain a Nebraska sales tax permit, the taxpayer shall obtain a
8 surety bond in favor of the State of Nebraska to insure payment of the
9 tax and any interest and penalty imposed thereon under this section in an
10 amount not less than two times the amount of tax payable on outstanding
11 accounts receivable held by the subsidiary as of the end of the prior
12 calendar year. Failure to obtain either a sales tax permit or a surety
13 bond in accordance with this section shall result in the payment on the
14 next required filing date of all sales taxes not previously remitted.
15 When the retailer has adopted one basis or the other of reporting credit,
16 conditional, or installment sales and paying the tax thereon, he or she
17 will not be permitted to change from that basis without first having
18 notified the Tax Commissioner.

19 (c) Except as provided in the streamlined sales and use tax
20 agreement, the taxpayer required to file the return shall deliver or mail
21 any required return together with a remittance of the net amount of the
22 tax due to the office of the Tax Commissioner on or before the required
23 filing date. Failure to file the return, filing after the required filing
24 date, failure to remit the net amount of the tax due, or remitting the
25 net amount of the tax due after the required filing date shall be cause
26 for a penalty, in addition to interest, of ten percent of the amount of
27 tax not paid by the required filing date or twenty-five dollars,
28 whichever is greater, unless the penalty is being collected under
29 subdivision (1)(i), (1)(j)(i), or (1)(k)(i) of section 77-2703 by a
30 county treasurer or the Department of Motor Vehicles, in which case the
31 penalty shall be five dollars.

1 (d) The taxpayer shall deduct and withhold, from the taxes otherwise
2 due from him or her on his or her tax return, two and one-half percent of
3 the first three thousand dollars remitted each month to reimburse himself
4 or herself for the cost of collecting the tax. Taxpayers filing a
5 combined return as allowed by subdivision (1)(b)(ii) of this subsection
6 shall compute such collection fees on the basis of the receipts and
7 liability of each licensed location.

8 (2)(a) If the Tax Commissioner determines that any sales or use tax
9 amount, penalty, or interest has been paid more than once, or has been
10 erroneously or illegally collected or computed, ~~or has been paid and the~~
11 ~~purchaser qualifies for a refund under section 77-2708.01,~~ the Tax
12 Commissioner shall set forth that fact in his or her records and the
13 excess amount collected or paid may be credited on any sales, use, or
14 income tax amounts then due and payable from the person under the
15 Nebraska Revenue Act of 1967. Any balance may be refunded to the person
16 by whom it was paid or his or her successors, administrators, or
17 executors.

18 (b) No refund shall be allowed unless a claim therefor is filed with
19 the Tax Commissioner by the person who made the overpayment or his or her
20 attorney, executor, or administrator within three years from the required
21 filing date following the close of the period for which the overpayment
22 was made, within six months after any determination becomes final under
23 section 77-2709, or within six months from the date of overpayment with
24 respect to such determinations, whichever of these three periods expires
25 later, unless the credit relates to a period for which a waiver has been
26 given. Failure to file a claim within the time prescribed in this
27 subsection shall constitute a waiver of any demand against the state on
28 account of overpayment.

29 (c) Every claim shall be in writing on forms prescribed by the Tax
30 Commissioner and shall state the specific amount and grounds upon which
31 the claim is founded. No refund shall be made in any amount less than two

1 dollars.

2 (d) The Tax Commissioner shall allow or disallow a claim within one
3 hundred eighty days after it has been filed. A request for a hearing
4 shall constitute a waiver of the one-hundred-eighty-day period. The
5 claimant and the Tax Commissioner may also agree to extend the one-
6 hundred-eighty-day period. If a hearing has not been requested and the
7 Tax Commissioner has neither allowed nor disallowed a claim within either
8 the one hundred eighty days or the period agreed to by the claimant and
9 the Tax Commissioner, the claim shall be deemed to have been allowed.

10 (e) Within thirty days after disallowing any claim in whole or in
11 part, the Tax Commissioner shall serve notice of his or her action on the
12 claimant in the manner prescribed for service of notice of a deficiency
13 determination.

14 (f) Within thirty days after the mailing of the notice of the Tax
15 Commissioner's action upon a claim filed pursuant to the Nebraska Revenue
16 Act of 1967, the action of the Tax Commissioner shall be final unless the
17 taxpayer seeks review of the Tax Commissioner's determination as provided
18 in section 77-27,127.

19 (g) Upon the allowance of a credit or refund of any sum erroneously
20 or illegally assessed or collected, of any penalty collected without
21 authority, or of any sum which was excessive or in any manner wrongfully
22 collected, interest shall be allowed and paid on the amount of such
23 credit or refund at the rate specified in section 45-104.02, as such rate
24 may from time to time be adjusted, from the date such sum was paid or
25 from the date the return was required to be filed, whichever date is
26 later, to the date of the allowance of the refund or, in the case of a
27 credit, to the due date of the amount against which the credit is
28 allowed, but in the case of a voluntary and unrequested payment in excess
29 of actual tax liability ~~or a refund under section 77-2708.01~~, no interest
30 shall be allowed when such excess is refunded or credited.

31 (h) No suit or proceeding shall be maintained in any court for the

1 recovery of any amount alleged to have been erroneously or illegally
2 determined or collected unless a claim for refund or credit has been duly
3 filed.

4 (i) The Tax Commissioner may recover any refund or part thereof
5 which is erroneously made and any credit or part thereof which is
6 erroneously allowed by issuing a deficiency determination within one year
7 from the date of refund or credit or within the period otherwise allowed
8 for issuing a deficiency determination, whichever expires later.

9 (j)(i) Credit shall be allowed to the retailer, contractor, or
10 repairperson for sales or use taxes paid pursuant to the Nebraska Revenue
11 Act of 1967 on any deduction taken that is attributed to bad debts not
12 including interest. Bad debt has the same meaning as in 26 U.S.C. 166, as
13 such section existed on January 1, 2003. However, the amount calculated
14 pursuant to 26 U.S.C. 166 shall be adjusted to exclude: Financing charges
15 or interest; sales or use taxes charged on the purchase price;
16 uncollectible amounts on property that remains in the possession of the
17 seller until the full purchase price is paid; and expenses incurred in
18 attempting to collect any debt and repossessed property.

19 (ii) Bad debts may be deducted on the return for the period during
20 which the bad debt is written off as uncollectible in the claimant's
21 books and records and is eligible to be deducted for federal income tax
22 purposes. A claimant who is not required to file federal income tax
23 returns may deduct a bad debt on a return filed for the period in which
24 the bad debt is written off as uncollectible in the claimant's books and
25 records and would be eligible for a bad debt deduction for federal income
26 tax purposes if the claimant was required to file a federal income tax
27 return.

28 (iii) If a deduction is taken for a bad debt and the debt is
29 subsequently collected in whole or in part, the tax on the amount so
30 collected must be paid and reported on the return filed for the period in
31 which the collection is made.

1 (iv) When the amount of bad debt exceeds the amount of taxable sales
2 for the period during which the bad debt is written off, a refund claim
3 may be filed within the otherwise applicable statute of limitations for
4 refund claims. The statute of limitations shall be measured from the due
5 date of the return on which the bad debt could first be claimed.

6 (v) If filing responsibilities have been assumed by a certified
7 service provider, the service provider may claim, on behalf of the
8 retailer, any bad debt allowance provided by this section. The certified
9 service provider shall credit or refund the full amount of any bad debt
10 allowance or refund received to the retailer.

11 (vi) For purposes of reporting a payment received on a previously
12 claimed bad debt, any payments made on a debt or account are applied
13 first proportionally to the taxable price of the property or service and
14 the sales tax thereon, and secondly to interest, service charges, and any
15 other charges.

16 (vii) In situations in which the books and records of the party
17 claiming the bad debt allowance support an allocation of the bad debts
18 among the member states in the streamlined sales and use tax agreement,
19 the state shall permit the allocation.

20 Sec. 17. Section 77-2715, Revised Statutes Cumulative Supplement,
21 2016, is amended to read:

22 77-2715 (1) A tax is hereby imposed for each taxable year on the
23 entire income of every resident individual and on the income of every
24 nonresident individual and partial-year resident individual which is
25 derived from sources within this state, except that any individual who
26 has additions to adjusted gross income pursuant to section 77-2716 of
27 less than five thousand dollars shall not have an individual income tax
28 liability after nonrefundable credits under the Nebraska Revenue Act of
29 1967 that exceeds his or her individual income tax liability before
30 credits under the Internal Revenue Code of 1986.

31 (2)(a) For taxable years beginning or deemed to begin on or after

1 ~~January 1, 2018 before January 1, 2014~~, the tax for each resident
2 individual shall be a percentage of such individual's federal adjusted
3 gross income as modified in sections 77-2716 and 77-2716.01, plus a
4 percentage of the federal alternative minimum tax and the federal tax on
5 premature or lump-sum distributions from qualified retirement plans. The
6 additional taxes shall be recomputed by (i) substituting Nebraska taxable
7 income for federal taxable income, (ii) calculating what the federal
8 alternative minimum tax would be on Nebraska taxable income and adjusting
9 such calculations for any items which are reflected differently in the
10 determination of federal taxable income, and (iii) applying Nebraska
11 rates to the result. The federal credit for prior year minimum tax, after
12 the recomputations required by the act, shall be allowed as a reduction
13 in the income tax due.

14 (b) For taxable years beginning or deemed to begin before January 1,
15 2018 ~~on or after January 1, 2014~~, the tax for each resident individual
16 shall be a percentage of such individual's federal adjusted gross income
17 as modified in sections 77-2716 and 77-2716.01, plus a percentage of the
18 federal tax on premature or lump-sum distributions from qualified
19 retirement plans. The additional taxes shall be recomputed by
20 substituting Nebraska taxable income for federal taxable income and
21 applying Nebraska rates to the result.

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

1 is his or her total federal adjusted gross income, after first adjusting
2 each by the amounts provided in section 77-2716. If this determination
3 attributes more or less tax than is reasonably attributable to income
4 derived from sources within this state, the taxpayer may petition for or
5 the Tax Commissioner may require the employment of any other method to
6 attribute an amount of tax which is reasonable and equitable in the
7 circumstances.

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

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

15 Sec. 18. Section 77-2715.03, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

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

20 Individual Income Tax Brackets and Rates

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

31 (2) For taxable years beginning or deemed to begin on or after

1 January 1, 2014, and before January 1, 2018, the following brackets and
2 rates are hereby established for the Nebraska individual income tax:

3 Individual Income Tax Brackets and Rates

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

14 (3)(a) For taxable years beginning or deemed to begin on or after
15 January 1, 2015, and before January 1, 2018, the minimum and maximum
16 dollar amounts for each income tax bracket provided in subsection (2) of
17 this section shall be adjusted for inflation by the percentage determined
18 under subdivision (3)(b) of this section. The rate applicable to any such
19 income tax bracket shall not be changed as part of any adjustment under
20 this subsection. The minimum and maximum dollar amounts for each income
21 tax bracket as adjusted shall be rounded to the nearest ten-dollar
22 amount. If the adjusted amount for any income tax bracket ends in a five,
23 it shall be rounded up to the nearest ten-dollar amount.

24 (b) The Tax Commissioner shall adjust the income tax brackets by the
25 percentage determined pursuant to the provisions of section 1(f) of the
26 Internal Revenue Code of 1986, as amended, except that in section 1(f)(3)
27 (B) of the code the year 2013 shall be substituted for the year 1992. For
28 2015, the Tax Commissioner shall then determine the percent change from
29 the twelve months ending on August 31, 2013, to the twelve months ending
30 on August 31, 2014, and in each subsequent year, from the twelve months
31 ending on August 31, 2013, to the twelve months ending on August 31 of

1 the year preceding the taxable year. The Tax Commissioner shall prescribe
2 new tax rate schedules that apply in lieu of the schedules set forth in
3 subsection (2) of this section.

4 (4) For taxable years beginning or deemed to begin on or after
5 January 1, 2018, the following brackets and rates are hereby established
6 for the Nebraska individual income tax:

7 Individual Income Tax Brackets and Rates

8 <u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
9 <u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
		<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
11 <u>1</u>	<u>\$0-2,399</u>	<u>\$0-3,999</u>	<u>\$0-3,799</u>	<u>\$0-2,399</u>	<u>\$0-499</u>	<u>2.56%</u>
12 <u>2</u>	<u>\$2,400-</u>	<u>\$4,000-</u>	<u>\$3,800-</u>	<u>\$2,400-</u>	<u>\$500-</u>	
13	<u>17,499</u>	<u>30,999</u>	<u>25,499</u>	<u>17,499</u>	<u>4,699</u>	<u>3.57%</u>
14 <u>3</u>	<u>\$17,500-</u>	<u>\$31,000-</u>	<u>\$25,500-</u>	<u>\$17,500-</u>	<u>\$4,700-</u>	
15	<u>26,999</u>	<u>49,999</u>	<u>34,999</u>	<u>26,999</u>	<u>15,149</u>	<u>5.12%</u>
16 <u>4</u>	<u>\$27,000</u>	<u>\$50,000</u>	<u>\$35,000</u>	<u>\$27,000</u>	<u>\$15,150</u>	
17	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>6.84%</u>

18 (5) (4) Whenever the tax brackets or tax rates are changed by the
19 Legislature, the Tax Commissioner shall update the tax rate schedules to
20 reflect the new tax brackets or tax rates and shall publish such updated
21 schedules.

22 (6) (5) The Tax Commissioner shall prepare, from the rate schedules,
23 tax tables which can be used by a majority of the taxpayers to determine
24 their Nebraska tax liability. The design of the tax tables shall be
25 determined by the Tax Commissioner. The size of the tax table brackets
26 may change as the level of income changes. The difference in tax between
27 two tax table brackets shall not exceed fifteen dollars. The Tax
28 Commissioner may build the personal exemption credit and standard
29 deduction amounts into the tax tables.

30 (7) (6) For taxable years beginning or deemed to begin on or after
31 January 1, 2013, the tax rate applied to other federal taxes included in

1 the computation of the Nebraska individual income tax shall be 29.6
2 percent.

3 (8) ~~(7)~~ The Tax Commissioner may require by rule and regulation that
4 all taxpayers shall use the tax tables if their income is less than the
5 maximum income included in the tax tables.

6 Sec. 19. Section 77-2715.07, Revised Statutes Cumulative Supplement,
7 2016, is amended to read:

8 77-2715.07 (1) There shall be allowed to qualified resident
9 individuals as a nonrefundable credit against the income tax imposed by
10 the Nebraska Revenue Act of 1967:

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

13 (b) A credit for taxes paid to another state as provided in section
14 77-2730.

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

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

27 (b) For returns filed reporting federal adjusted gross income of
28 twenty-nine thousand dollars or less, a refundable credit equal to a
29 percentage of the federal credit allowable under section 21 of the
30 Internal Revenue Code of 1986, as amended, whether or not the federal
31 credit was limited by the federal tax liability. The percentage of the

1 federal credit shall be one hundred percent for incomes not greater than
2 twenty-two thousand dollars, and the percentage shall be reduced by ten
3 percent for each one thousand dollars, or fraction thereof, by which the
4 reported federal adjusted gross income exceeds twenty-two thousand
5 dollars, except that for taxable years beginning or deemed to begin on or
6 after January 1, 2015, such refundable credit shall be allowed only if
7 the individual would have received the federal credit allowed under
8 section 21 of the code after adding back in any carryforward of a net
9 operating loss that was deducted pursuant to such section in determining
10 eligibility for the federal credit;

11 (c) A refundable credit as provided in section 77-5209.01 for
12 individuals who qualify for an income tax credit as a qualified beginning
13 farmer or livestock producer under the Beginning Farmer Tax Credit Act
14 for all taxable years beginning or deemed to begin on or after January 1,
15 2006, under the Internal Revenue Code of 1986, as amended;

16 (d) A refundable credit for individuals who qualify for an income
17 tax credit under the Angel Investment Tax Credit Act, the Nebraska
18 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
19 and Development Act, or the Volunteer Emergency Responders Incentive Act;
20 and

21 (e) A refundable credit equal to eight ~~ten~~ percent of the federal
22 credit allowed under section 32 of the Internal Revenue Code of 1986, as
23 amended, except that for taxable years beginning or deemed to begin on or
24 after January 1, 2015, such refundable credit shall be allowed only if
25 the individual would have received the federal credit allowed under
26 section 32 of the code after adding back in any carryforward of a net
27 operating loss that was deducted pursuant to such section in determining
28 eligibility for the federal credit.

29 (3) There shall be allowed to all individuals as a nonrefundable
30 credit against the income tax imposed by the Nebraska Revenue Act of
31 1967:

1 (a) A credit for personal exemptions allowed under section
2 77-2716.01;

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

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

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

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

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

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

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

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

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

25 (c) A refundable credit for individuals who qualify for an income
26 tax credit as an owner of agricultural assets under the Beginning Farmer
27 Tax Credit Act for all taxable years beginning or deemed to begin on or
28 after January 1, 2009, under the Internal Revenue Code of 1986, as
29 amended. The credit allowed for each partner, shareholder, member, or
30 beneficiary of a partnership, corporation, limited liability company, or
31 estate or trust qualifying for an income tax credit as an owner of

1 agricultural assets under the Beginning Farmer Tax Credit Act shall be
2 equal to the partner's, shareholder's, member's, or beneficiary's portion
3 of the amount of tax credit distributed pursuant to subsection (4) of
4 section 77-5211.

5 (5)(a) For all taxable years beginning on or after January 1, 2007,
6 and before January 1, 2009, under the Internal Revenue Code of 1986, as
7 amended, there shall be allowed to each partner, shareholder, member, or
8 beneficiary of a partnership, subchapter S corporation, limited liability
9 company, or estate or trust a nonrefundable credit against the income tax
10 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
11 partner's, shareholder's, member's, or beneficiary's portion of the
12 amount of franchise tax paid to the state under sections 77-3801 to
13 77-3807 by a financial institution.

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

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

28 (6) There shall be allowed to all individuals nonrefundable credits
29 against the income tax imposed by the Nebraska Revenue Act of 1967 as
30 provided in section 77-3604 and refundable credits against the income tax
31 imposed by the Nebraska Revenue Act of 1967 as provided in section

1 77-3605.

2 Sec. 20. Section 77-2716, Revised Statutes Cumulative Supplement,
3 2016, is amended to read:

4 77-2716 (1) The following adjustments to federal adjusted gross
5 income or, for corporations and fiduciaries, federal taxable income shall
6 be made for interest or dividends received:

7 (a)(i) There shall be subtracted interest or dividends received by
8 the owner of obligations of the United States and its territories and
9 possessions or of any authority, commission, or instrumentality of the
10 United States to the extent includable in gross income for federal income
11 tax purposes but exempt from state income taxes under the laws of the
12 United States; and

13 (ii) There shall be subtracted interest received by the owner of
14 obligations of the State of Nebraska or its political subdivisions or
15 authorities which are Build America Bonds to the extent includable in
16 gross income for federal income tax purposes;

17 (b) There shall be subtracted that portion of the total dividends
18 and other income received from a regulated investment company which is
19 attributable to obligations described in subdivision (a) of this
20 subsection as reported to the recipient by the regulated investment
21 company;

22 (c) There shall be added interest or dividends received by the owner
23 of obligations of the District of Columbia, other states of the United
24 States, or their political subdivisions, authorities, commissions, or
25 instrumentalities to the extent excluded in the computation of gross
26 income for federal income tax purposes except that such interest or
27 dividends shall not be added if received by a corporation which is a
28 regulated investment company;

29 (d) There shall be added that portion of the total dividends and
30 other income received from a regulated investment company which is
31 attributable to obligations described in subdivision (c) of this

1 subsection and excluded for federal income tax purposes as reported to
2 the recipient by the regulated investment company; and

3 (e)(i) Any amount subtracted under this subsection shall be reduced
4 by any interest on indebtedness incurred to carry the obligations or
5 securities described in this subsection or the investment in the
6 regulated investment company and by any expenses incurred in the
7 production of interest or dividend income described in this subsection to
8 the extent that such expenses, including amortizable bond premiums, are
9 deductible in determining federal taxable income.

10 (ii) Any amount added under this subsection shall be reduced by any
11 expenses incurred in the production of such income to the extent
12 disallowed in the computation of federal taxable income.

13 (2) There shall be allowed a net operating loss derived from or
14 connected with Nebraska sources computed under rules and regulations
15 adopted and promulgated by the Tax Commissioner consistent, to the extent
16 possible under the Nebraska Revenue Act of 1967, with the laws of the
17 United States. For a resident individual, estate, or trust, the net
18 operating loss computed on the federal income tax return shall be
19 adjusted by the modifications contained in this section. For a
20 nonresident individual, estate, or trust or for a partial-year resident
21 individual, the net operating loss computed on the federal return shall
22 be adjusted by the modifications contained in this section and any
23 carryovers or carrybacks shall be limited to the portion of the loss
24 derived from or connected with Nebraska sources.

25 (3) There shall be subtracted from federal adjusted gross income for
26 all taxable years beginning on or after January 1, 1987, the amount of
27 any state income tax refund to the extent such refund was deducted under
28 the Internal Revenue Code, was not allowed in the computation of the tax
29 due under the Nebraska Revenue Act of 1967, and is included in federal
30 adjusted gross income.

31 (4) For taxable years beginning or deemed to begin before January 1,

1 2018, federal ~~Federal~~ adjusted gross income, or, for a fiduciary, federal
2 taxable income shall be modified to exclude the portion of the income or
3 loss received from a small business corporation with an election in
4 effect under subchapter S of the Internal Revenue Code or from a limited
5 liability company organized pursuant to the Nebraska Uniform Limited
6 Liability Company Act that is not derived from or connected with Nebraska
7 sources as determined in section 77-2734.01.

8 (5) There shall be subtracted from federal adjusted gross income or,
9 for corporations and fiduciaries, federal taxable income dividends
10 received or deemed to be received from corporations which are not subject
11 to the Internal Revenue Code.

12 (6) There shall be subtracted from federal taxable income a portion
13 of the income earned by a corporation subject to the Internal Revenue
14 Code of 1986 that is actually taxed by a foreign country or one of its
15 political subdivisions at a rate in excess of the maximum federal tax
16 rate for corporations. The taxpayer may make the computation for each
17 foreign country or for groups of foreign countries. The portion of the
18 taxes that may be deducted shall be computed in the following manner:

19 (a) The amount of federal taxable income from operations within a
20 foreign taxing jurisdiction shall be reduced by the amount of taxes
21 actually paid to the foreign jurisdiction that are not deductible solely
22 because the foreign tax credit was elected on the federal income tax
23 return;

24 (b) The amount of after-tax income shall be divided by one minus the
25 maximum tax rate for corporations in the Internal Revenue Code; and

26 (c) The result of the calculation in subdivision (b) of this
27 subsection shall be subtracted from the amount of federal taxable income
28 used in subdivision (a) of this subsection. The result of such
29 calculation, if greater than zero, shall be subtracted from federal
30 taxable income.

31 (7) Federal adjusted gross income shall be modified to exclude any

1 amount repaid by the taxpayer for which a reduction in federal tax is
2 allowed under section 1341(a)(5) of the Internal Revenue Code.

3 (8)(a) Federal adjusted gross income or, for corporations and
4 fiduciaries, federal taxable income shall be reduced, to the extent
5 included, by income from interest, earnings, and state contributions
6 received from the Nebraska educational savings plan trust created in
7 sections 85-1801 to 85-1814 and any account established under the
8 achieving a better life experience program as provided in sections
9 77-1401 to 77-1409.

10 (b) Federal adjusted gross income or, for corporations and
11 fiduciaries, federal taxable income shall be reduced by any contributions
12 as a participant in the Nebraska educational savings plan trust or
13 contributions to an account established under the achieving a better life
14 experience program made for the benefit of a beneficiary as provided in
15 sections 77-1401 to 77-1409, to the extent not deducted for federal
16 income tax purposes, but not to exceed five thousand dollars per married
17 filing separate return or ten thousand dollars for any other return. With
18 respect to a qualified rollover within the meaning of section 529 of the
19 Internal Revenue Code from another state's plan, any interest, earnings,
20 and state contributions received from the other state's educational
21 savings plan which is qualified under section 529 of the code shall
22 qualify for the reduction provided in this subdivision. For contributions
23 by a custodian of a custodial account including rollovers from another
24 custodial account, the reduction shall only apply to funds added to the
25 custodial account after January 1, 2014.

26 (c) Federal adjusted gross income or, for corporations and
27 fiduciaries, federal taxable income shall be increased by:

28 (i) The amount resulting from the cancellation of a participation
29 agreement refunded to the taxpayer as a participant in the Nebraska
30 educational savings plan trust to the extent previously deducted under
31 subdivision (8)(b) of this section; and

1 (ii) The amount of any withdrawals by the owner of an account
2 established under the achieving a better life experience program as
3 provided in sections 77-1401 to 77-1409 for nonqualified expenses to the
4 extent previously deducted under subdivision (8)(b) of this section.

5 (9)(a) For income tax returns filed after September 10, 2001, for
6 taxable years beginning or deemed to begin before January 1, 2006, under
7 the Internal Revenue Code of 1986, as amended, federal adjusted gross
8 income or, for corporations and fiduciaries, federal taxable income shall
9 be increased by eighty-five percent of any amount of any federal bonus
10 depreciation received under the federal Job Creation and Worker
11 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,
12 under section 168(k) or section 1400L of the Internal Revenue Code of
13 1986, as amended, for assets placed in service after September 10, 2001,
14 and before December 31, 2005.

15 (b) For a partnership, limited liability company, cooperative,
16 including any cooperative exempt from income taxes under section 521 of
17 the Internal Revenue Code of 1986, as amended, limited cooperative
18 association, subchapter S corporation, or joint venture, the increase
19 shall be distributed to the partners, members, shareholders, patrons, or
20 beneficiaries in the same manner as income is distributed for use against
21 their income tax liabilities.

22 (c) For a corporation with a unitary business having activity both
23 inside and outside the state, the increase shall be apportioned to
24 Nebraska in the same manner as income is apportioned to the state by
25 section 77-2734.05.

26 (d) The amount of bonus depreciation added to federal adjusted gross
27 income or, for corporations and fiduciaries, federal taxable income by
28 this subsection shall be subtracted in a later taxable year. Twenty
29 percent of the total amount of bonus depreciation added back by this
30 subsection for tax years beginning or deemed to begin before January 1,
31 2003, under the Internal Revenue Code of 1986, as amended, may be

1 subtracted in the first taxable year beginning or deemed to begin on or
2 after January 1, 2005, under the Internal Revenue Code of 1986, as
3 amended, and twenty percent in each of the next four following taxable
4 years. Twenty percent of the total amount of bonus depreciation added
5 back by this subsection for tax years beginning or deemed to begin on or
6 after January 1, 2003, may be subtracted in the first taxable year
7 beginning or deemed to begin on or after January 1, 2006, under the
8 Internal Revenue Code of 1986, as amended, and twenty percent in each of
9 the next four following taxable years.

10 (10) For taxable years beginning or deemed to begin on or after
11 January 1, 2003, and before January 1, 2006, under the Internal Revenue
12 Code of 1986, as amended, federal adjusted gross income or, for
13 corporations and fiduciaries, federal taxable income shall be increased
14 by the amount of any capital investment that is expensed under section
15 179 of the Internal Revenue Code of 1986, as amended, that is in excess
16 of twenty-five thousand dollars that is allowed under the federal Jobs
17 and Growth Tax Act of 2003. Twenty percent of the total amount of
18 expensing added back by this subsection for tax years beginning or deemed
19 to begin on or after January 1, 2003, may be subtracted in the first
20 taxable year beginning or deemed to begin on or after January 1, 2006,
21 under the Internal Revenue Code of 1986, as amended, and twenty percent
22 in each of the next four following tax years.

23 (11)(a) For taxable years beginning or deemed to begin before
24 January 1, 2018, under the Internal Revenue Code of 1986, as amended,
25 federal adjusted gross income shall be reduced by contributions, up to
26 two thousand dollars per married filing jointly return or one thousand
27 dollars for any other return, and any investment earnings made as a
28 participant in the Nebraska long-term care savings plan under the Long-
29 Term Care Savings Plan Act, to the extent not deducted for federal income
30 tax purposes.

31 (b) For taxable years beginning or deemed to begin before January 1,

1 2018, under the Internal Revenue Code of 1986, as amended, federal
2 adjusted gross income shall be increased by the withdrawals made as a
3 participant in the Nebraska long-term care savings plan under the act by
4 a person who is not a qualified individual or for any reason other than
5 transfer of funds to a spouse, long-term care expenses, long-term care
6 insurance premiums, or death of the participant, including withdrawals
7 made by reason of cancellation of the participation agreement, to the
8 extent previously deducted as a contribution or as investment earnings.

9 (12) There shall be added to federal adjusted gross income for
10 individuals, estates, and trusts any amount taken as a credit for
11 franchise tax paid by a financial institution under sections 77-3801 to
12 77-3807 as allowed by subsection (5) of section 77-2715.07.

13 (13) For taxable years beginning or deemed to begin on or after
14 January 1, 2015, and before January 1, 2018, under the Internal Revenue
15 Code of 1986, as amended, federal adjusted gross income shall be reduced
16 by the amount received as benefits under the federal Social Security Act
17 which are included in the federal adjusted gross income if:

18 (a) For taxpayers filing a married filing joint return, federal
19 adjusted gross income is fifty-eight thousand dollars or less; or

20 (b) For taxpayers filing any other return, federal adjusted gross
21 income is forty-three thousand dollars or less.

22 (14) For taxable years beginning or deemed to begin on or after
23 January 1, 2015, and before January 1, 2018, under the Internal Revenue
24 Code of 1986, as amended, an individual may make a one-time election
25 within two calendar years after the date of his or her retirement from
26 the military to exclude income received as a military retirement benefit
27 by the individual to the extent included in federal adjusted gross income
28 and as provided in this subsection. The individual may elect to exclude
29 forty percent of his or her military retirement benefit income for seven
30 consecutive taxable years beginning with the year in which the election
31 is made or may elect to exclude fifteen percent of his or her military

1 retirement benefit income for all taxable years beginning with the year
2 in which he or she turns sixty-seven years of age. For purposes of this
3 subsection, military retirement benefit means retirement benefits that
4 are periodic payments attributable to service in the uniformed services
5 of the United States for personal services performed by an individual
6 prior to his or her retirement.

7 Sec. 21. Section 77-2716.01, Reissue Revised Statutes of Nebraska,
8 is amended to read:

9 77-2716.01 (1) Every individual shall be allowed to subtract from
10 his or her income tax liability an amount for personal exemptions. The
11 amount allowed to be subtracted shall be the credit amount for the year
12 as provided in this section multiplied by the number of exemptions
13 allowed on the federal return. For tax year 1993, the credit amount shall
14 be sixty-five dollars; for tax year 1994, the credit amount shall be
15 sixty-nine dollars; for tax year 1995, the credit amount shall be sixty-
16 nine dollars; for tax year 1996, the credit amount shall be seventy-two
17 dollars; for tax year 1997, the credit amount shall be eighty-six
18 dollars; for tax year 1998, the credit amount shall be eighty-eight
19 dollars; for tax year 1999, and each year thereafter, the credit amount
20 shall be adjusted for inflation by the method provided in section 151 of
21 the Internal Revenue Code of 1986, as amended. The eighty-eight-dollar
22 credit amount shall be adjusted for cumulative inflation since 1998. If
23 any credit amount is not an even dollar amount, the amount shall be
24 rounded to the nearest dollar. The amount allowed for each exemption
25 shall be reduced, but not below zero, by five dollars for each five
26 thousand dollars, or portion thereof, that federal adjusted gross income
27 exceeds ninety thousand dollars for single or married filing separate
28 returns, seventy-five thousand dollars for head-of-household returns, and
29 one hundred eighty thousand dollars for married filing joint returns. For
30 nonresident individuals and partial-year resident individuals, the
31 personal exemption credit shall be subtracted as specified in subsection

1 (3) of section 77-2715. The income levels stated in this subsection shall
2 be adjusted for inflation by the method provided in section 151 of the
3 Internal Revenue Code of 1986, as amended. If any income level in this
4 subsection is not a multiple of one thousand dollars, the amount shall be
5 rounded to the next highest multiple of one thousand dollars.

6 (2)(a) For tax years beginning or deemed to begin on or after
7 January 1, 2003, and before January 1, 2004, under the Internal Revenue
8 Code of 1986, as amended, every individual who did not itemize deductions
9 on his or her federal return shall be allowed to subtract from federal
10 adjusted gross income a standard deduction based on the filing status
11 used on the federal return except as the amount is adjusted under section
12 77-2716.03. The standard deduction shall be the smaller of the federal
13 standard deduction actually allowed or (i) for single taxpayers four
14 thousand seven hundred fifty dollars, (ii) for head of household
15 taxpayers seven thousand dollars, (iii) for married filing jointly
16 taxpayers seven thousand nine hundred fifty dollars, and (iv) for married
17 filing separately taxpayers three thousand nine hundred seventy-five
18 dollars. Taxpayers who are allowed additional federal standard deduction
19 amounts because of age or blindness shall be allowed an increase in the
20 Nebraska standard deduction for each additional amount allowed on the
21 federal return. The additional amounts shall be for married taxpayers,
22 nine hundred fifty dollars, and for single or head of household
23 taxpayers, one thousand one hundred fifty dollars.

24 (b) For tax years beginning or deemed to begin on or after January
25 1, 2007, under the Internal Revenue Code of 1986, as amended, every
26 individual who did not itemize deductions on his or her federal return
27 shall be allowed to subtract from federal adjusted gross income a
28 standard deduction based on the filing status used on the federal return.
29 The standard deduction shall be the smaller of the federal standard
30 deduction actually allowed or (i) for single taxpayers three thousand
31 dollars and (ii) for head of household taxpayers four thousand four

1 hundred dollars. The standard deduction for married filing jointly
2 taxpayers shall be double the standard deduction for single taxpayers,
3 and for married filing separately taxpayers, the standard deduction shall
4 be the same as single taxpayers. Taxpayers who are allowed additional
5 federal standard deduction amounts because of age or blindness shall be
6 allowed an increase in the Nebraska standard deduction for each
7 additional amount allowed on the federal return. The additional amounts
8 shall be for married taxpayers six hundred dollars and for single or head
9 of household taxpayers seven hundred fifty dollars. The amounts in this
10 subdivision will be indexed using 1987 as the base year.

11 (c) For tax years beginning or deemed to begin on or after January
12 1, 2007, the standard deduction amounts, including the additional
13 standard deduction amounts, in this subsection shall be adjusted for
14 inflation by the method provided in section 151 of the Internal Revenue
15 Code of 1986, as amended. If any amount is not a multiple of fifty
16 dollars, the amount shall be rounded to the next lowest multiple of fifty
17 dollars.

18 (3) Every individual who itemized deductions on his or her federal
19 return shall be allowed to subtract from federal adjusted gross income
20 the greater of either the standard deduction allowed in subsection (2) of
21 this section or his or her federal itemized deductions, except for the
22 amount for state or local income taxes included in federal itemized
23 deductions before any federal disallowance, as adjusted under section
24 77-2716.03.

25 Sec. 22. Section 77-2716.03, Reissue Revised Statutes of Nebraska,
26 is amended to read:

27 77-2716.03 (1) Any taxpayer whose federal adjusted gross income is
28 larger than the threshold amount determined under section 68 of the
29 Internal Revenue Code of 1986, as amended, for the disallowance of
30 itemized deductions shall calculate the amount of the excess and make the
31 adjustments provided in this section.

1 (2) The amount of the federal standard deduction actually allowed
2 shall be reduced by one dollar for every ten dollars of the excess
3 calculated in subsection (1) of this section. The standard deduction
4 shall not be reduced below zero.

5 (3) For the purpose of calculating the adjustment in subsection (4)
6 of this section, the following definitions shall be used:

7 (a) Protected deductions means those itemized deductions excepted
8 from the federal disallowance under section 68 of the Internal Revenue
9 Code of 1986, as amended; and

10 (b) Disallowable deductions shall be all itemized deductions other
11 than (i) protected deductions, (ii) the deduction for state and local
12 income taxes, and (iii) charitable deductions.

13 (4) The amount of itemized deductions shall be reduced to the sum of
14 the protected deductions plus charitable deductions plus the greater of:

15 (a) Twenty percent of the disallowable deductions; or

16 (b) The disallowable deductions reduced by an amount calculated as
17 one dollar for every ten dollars of the excess calculated in subsection
18 (1) of this section.

19 (5) After making the adjustments provided for in subsections (2) and
20 (4) of this section, the (2)—A taxpayer's tax liability shall be
21 increased by an amount determined under this subsection. The amount shall
22 be calculated by multiplying the maximum individual tax rate by ten
23 percent of the excess calculated in subsection (1) of this section and
24 subtracting the amount of the tax from the tax tables on ten percent of
25 the excess from the result. The difference shall be the increase in the
26 tax liability. If taxable income is less than ten percent of the excess,
27 the calculation in this subsection shall be made using taxable income.

28 Sec. 23. Section 77-2717, Revised Statutes Cumulative Supplement,
29 2016, is amended to read:

30 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin on
31 or after January 1, 2018 before January 1, 2014, the tax imposed on all

1 resident estates and trusts shall be a percentage of the federal taxable
2 income of such estates and trusts as modified in section 77-2716, plus a
3 percentage of the federal alternative minimum tax and the federal tax on
4 premature or lump-sum distributions from qualified retirement plans. The
5 additional taxes shall be recomputed by (A) substituting Nebraska taxable
6 income for federal taxable income, (B) calculating what the federal
7 alternative minimum tax would be on Nebraska taxable income and adjusting
8 such calculations for any items which are reflected differently in the
9 determination of federal taxable income, and (C) applying Nebraska rates
10 to the result. The federal credit for prior year minimum tax, after the
11 recomputations required by the Nebraska Revenue Act of 1967, and the
12 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act
13 and the Nebraska Advantage Research and Development Act shall be allowed
14 as a reduction in the income tax due. A refundable income tax credit
15 shall be allowed for all resident estates and trusts under the Angel
16 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax
17 Credit Act, and the Nebraska Advantage Research and Development Act. A
18 nonrefundable income tax credit shall be allowed for all resident estates
19 and trusts as provided in the New Markets Job Growth Investment Act.

20 (ii) For taxable years beginning or deemed to begin before January
21 1, 2018 ~~on or after January 1, 2014~~, the tax imposed on all resident
22 estates and trusts shall be a percentage of the federal taxable income of
23 such estates and trusts as modified in section 77-2716, plus a percentage
24 of the federal tax on premature or lump-sum distributions from qualified
25 retirement plans. The additional taxes shall be recomputed by
26 substituting Nebraska taxable income for federal taxable income and
27 applying Nebraska rates to the result. The credits provided in the
28 Nebraska Advantage Microenterprise Tax Credit Act and the Nebraska
29 Advantage Research and Development Act shall be allowed as a reduction in
30 the income tax due. A refundable income tax credit shall be allowed for
31 all resident estates and trusts under the Angel Investment Tax Credit

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

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

30 (2) In all instances wherein a fiduciary income tax return is
31 required under the provisions of the Internal Revenue Code, a Nebraska

1 fiduciary return shall be filed, except that a fiduciary return shall not
2 be required to be filed regarding a simple trust if all of the trust's
3 beneficiaries are residents of the State of Nebraska, all of the trust's
4 income is derived from sources in this state, and the trust has no
5 federal tax liability. The fiduciary shall be responsible for making the
6 return for the estate or trust for which he or she acts, whether the
7 income be taxable to the estate or trust or to the beneficiaries thereof.
8 The fiduciary shall include in the return a statement of each
9 beneficiary's distributive share of net income when such income is
10 taxable to such beneficiaries.

11 (3) The beneficiaries of such estate or trust who are residents of
12 this state shall include in their income their proportionate share of
13 such estate's or trust's federal income and shall reduce their Nebraska
14 tax liability by their proportionate share of the credits as provided in
15 the Angel Investment Tax Credit Act, the Nebraska Advantage
16 Microenterprise Tax Credit Act, the Nebraska Advantage Research and
17 Development Act, 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, and section 77-27,238.
20 There shall be allowed to a beneficiary a refundable income tax credit
21 under the Beginning Farmer Tax Credit Act for all taxable years beginning
22 or deemed to begin on or after January 1, 2001, under the Internal
23 Revenue Code of 1986, as amended.

24 (4) If any beneficiary of such estate or trust is a nonresident
25 during any part of the estate's or trust's taxable year, he or she shall
26 file a Nebraska income tax return which shall include (a) in Nebraska
27 adjusted gross income that portion of the estate's or trust's Nebraska
28 income, as determined under sections 77-2724 and 77-2725, allocable to
29 his or her interest in the estate or trust and (b) a reduction of the
30 Nebraska tax liability by his or her proportionate share of the credits
31 as provided in the Angel Investment Tax Credit Act, the Nebraska

1 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
2 and Development Act, the Nebraska Job Creation and Mainstreet
3 Revitalization Act, the New Markets Job Growth Investment Act, the School
4 Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, and
5 section 77-27,238 and shall execute and forward to the fiduciary, on or
6 before the original due date of the Nebraska fiduciary return, an
7 agreement which states that he or she will file a Nebraska income tax
8 return and pay income tax on all income derived from or connected with
9 sources in this state, and such agreement shall be attached to the
10 Nebraska fiduciary return for such taxable year.

11 (5) In the absence of the nonresident beneficiary's executed
12 agreement being attached to the Nebraska fiduciary return, the estate or
13 trust shall remit a portion of such beneficiary's income which was
14 derived from or attributable to Nebraska sources with its Nebraska return
15 for the taxable year. For taxable years beginning or deemed to begin
16 before January 1, 2013, the amount of remittance, in such instance, shall
17 be the highest individual income tax rate determined under section
18 77-2715.02 multiplied by the nonresident beneficiary's share of the
19 estate or trust income which was derived from or attributable to sources
20 within this state. For taxable years beginning or deemed to begin on or
21 after January 1, 2013, the amount of remittance, in such instance, shall
22 be the highest individual income tax rate determined under section
23 77-2715.03 multiplied by the nonresident beneficiary's share of the
24 estate or trust income which was derived from or attributable to sources
25 within this state. The amount remitted shall be allowed as a credit
26 against the Nebraska income tax liability of the beneficiary.

27 (6) The Tax Commissioner may allow a nonresident beneficiary to not
28 file a Nebraska income tax return if the nonresident beneficiary's only
29 source of Nebraska income was his or her share of the estate's or trust's
30 income which was derived from or attributable to sources within this
31 state, the nonresident did not file an agreement to file a Nebraska

1 income tax return, and the estate or trust has remitted the amount
2 required by subsection (5) of this section on behalf of such nonresident
3 beneficiary. The amount remitted shall be retained in satisfaction of the
4 Nebraska income tax liability of the nonresident beneficiary.

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

12 (8) For purposes of this section, any beneficiary of an estate or
13 trust that is a grantor trust of a nonresident shall be disregarded and
14 this section shall apply as though the nonresident grantor was the
15 beneficiary.

16 Sec. 24. Section 77-2734.07, Revised Statutes Cumulative Supplement,
17 2016, is amended to read:

18 77-2734.07 (1) There shall be added to federal taxable income the
19 amount of any federal deduction because of a carryforward of a net
20 operating loss or any capital loss.

21 (2) There shall be allowed a deduction for a carryforward of a net
22 operating loss or capital loss that is connected with operations in
23 Nebraska. ~~For a net operating loss or capital loss incurred in taxable~~
24 ~~years beginning or deemed to begin on or after January 1, 1987, and~~
25 ~~before January 1, 2014, the deduction shall be allowed only for each of~~
26 ~~the five taxable years succeeding the year of the loss.~~ For a net
27 operating loss incurred in taxable years beginning or deemed to begin on
28 or after January 1, 2014, and before January 1, 2018, the deduction shall
29 be allowed only for each of the twenty taxable years succeeding the year
30 of the loss. For a capital loss incurred in taxable years beginning or
31 deemed to begin on or after January 1, 2014, and before January 1, 2018,

1 the deduction shall be allowed only for each of the five taxable years
2 succeeding the year of the loss. For a net operating loss or capital loss
3 incurred in taxable years beginning or deemed to begin on or after
4 January 1, 2018, the deduction shall be allowed only for each of the five
5 taxable years succeeding the year of the loss.

6 (3) Except as otherwise provided in this section, there shall be
7 allowed a carryback of a net operating loss or a capital loss that is
8 connected with operations in Nebraska. For a net operating loss or
9 capital loss incurred in taxable years beginning or deemed to begin on or
10 after January 1, 1987, no such carryback shall be allowed.

11 (4) The amounts in subsections (2) and (3) of this section shall be
12 computed pursuant to rules and regulations adopted and promulgated by the
13 Tax Commissioner. Such regulations shall be in accord with the laws of
14 the United States regarding carryforwards and carrybacks.

15 Sec. 25. Section 77-2734.14, Revised Statutes Cumulative Supplement,
16 2016, is amended to read:

17 77-2734.14 (1) The sales factor is a fraction, the numerator of
18 which is the total sales of the taxpayer in this state during the tax
19 period, and the denominator of which is the total sales everywhere during
20 the tax period.

21 (2) Sales of tangible personal property in this state include:

22 (a) Property delivered or shipped to a purchaser, other than the
23 United States Government, within this state regardless of the f.o.b.
24 point or other conditions of the sale;

25 (b) Property shipped from an office, store, warehouse, factory, or
26 other place of storage in this state if (i) the purchaser is the United
27 States Government or (ii) for all taxable years beginning or deemed to
28 begin before January 1, 1995, under the Internal Revenue Code of 1986, as
29 amended, the taxpayer is not taxable in the state of the purchaser;

30 (c) For all taxable years beginning or deemed to begin on or after
31 January 1, 1995, and before January 1, 1996, under the Internal Revenue

1 Code of 1986, as amended, two-thirds of the property shipped from an
2 office, store, warehouse, factory, or other place of storage in this
3 state if the taxpayer is not taxable in the state of the purchaser; or

4 (d) For all taxable years beginning or deemed to begin on or after
5 January 1, 1996, but before January 1, 1997, under the Internal Revenue
6 Code of 1986, as amended, one-third of the property shipped from an
7 office, store, warehouse, factory, or other place of storage in this
8 state if the taxpayer is not taxable in the state of the purchaser.

9 (3) Sales, other than sales of tangible personal property, are in
10 this state if:

11 (a) The income-producing activity is performed in this state; or

12 (b) The income-producing activity is performed both in and outside
13 this state and a greater proportion of the income-producing activity is
14 performed in this state than in any other state, based on costs of
15 performance.

16 ~~(3) For sales other than sales of tangible personal property, except~~
17 ~~for sales as described in subsection (4) of this section:~~

18 ~~(a) Sales of a service are in this state if the sales are derived~~
19 ~~from a buyer within this state. Sales of a service are derived from a~~
20 ~~buyer within this state if:~~

21 ~~(i) The service, when rendered, relates to real property located in~~
22 ~~this state;~~

23 ~~(ii) The service, when rendered, relates to tangible personal~~
24 ~~property located in this state at the time the service is received;~~

25 ~~(iii) The service, when rendered, is provided to an individual~~
26 ~~physically present in this state at the time the service is received; or~~

27 ~~(iv) The service, when rendered, is provided to a buyer engaged in a~~
28 ~~trade or business in this state and relates to that part of the trade or~~
29 ~~business then operated in this state. For services described in this~~
30 ~~subdivision, if the buyer uses the service within and without this state,~~
31 ~~calculated using any reasonable method, the sales are apportioned between~~

1 ~~the use in this state in proportion to the use of the service in this~~
2 ~~state and the other states;~~

3 ~~(b) Sales of an application service are in this state if the buyer~~
4 ~~uses the application service in this state. The application service is~~
5 ~~used in this state if, the buyer, from a location in this state:~~

6 ~~(i) Uses it in the regular course of business in this state; or~~

7 ~~(ii) If the buyer is an individual, his or her billing address is in~~
8 ~~this state.~~

9 ~~If the buyer is not an individual and uses the application service~~
10 ~~within and without this state, calculated using any reasonable method,~~
11 ~~the sales are apportioned between the use in this state in proportion to~~
12 ~~the use of the application service in this state and the other states. If~~
13 ~~the location of a sale cannot be determined, the sale of an application~~
14 ~~service is in the state from which the order was placed in the regular~~
15 ~~course of the customer's business. If that office cannot be determined,~~
16 ~~the sales are considered received at the customer's billing address;~~

17 ~~(c) Sales of intangible property are in this state if the buyer uses~~
18 ~~the intangible property at a location in this state. If the buyer uses~~
19 ~~the intangible property within and without this state, the sales are~~
20 ~~apportioned between this state in proportion to the use of the intangible~~
21 ~~property in this state and the other states. If the location of a sale~~
22 ~~cannot be determined, the sale of intangible property is in this state if~~
23 ~~the buyer's billing address is in this state;~~

24 ~~(d) Interest, dividends, investment income, and other net gains from~~
25 ~~transactions in intangible assets held in connection with a treasury~~
26 ~~function, other than net gains from the sale or redemption of marketable~~
27 ~~securities, are in this state to the extent that it is included in~~
28 ~~taxable income and to the extent the investment, management, and record-~~
29 ~~keeping activities associated with corporate investments occur in this~~
30 ~~state;~~

31 ~~(e) Gross interest, fees, points, charges, and penalties from loans,~~

1 ~~net gains from the sale of loans, and loan servicing fees derived from~~
2 ~~loans owned by the taxpayer or another person, including servicing~~
3 ~~participations, secured by real property or tangible personal property~~
4 ~~are in this state if the property securing the loan is located in this~~
5 ~~state. If the real or tangible personal property securing the loan is~~
6 ~~located within and without this state, the gross interest, fees, points,~~
7 ~~charges, and penalties from loans, net gains from the sale of loans, and~~
8 ~~loan servicing fees derived from loans owned by the taxpayer or another~~
9 ~~person, including servicing participations, are based upon the ratio of~~
10 ~~the annual average amortized loan balance of a loan secured by the real~~
11 ~~property or tangible personal property located in this state to the~~
12 ~~annual average amortized loan balance of a loan secured by the real~~
13 ~~property or tangible personal property located within and without this~~
14 ~~state;~~

15 ~~(f) Gross interest, fees, points, charges, and penalties from loans,~~
16 ~~net gains from the sale of loans, and loan servicing fees derived from~~
17 ~~loans owned by the taxpayer or another person, including servicing~~
18 ~~participations, that are not secured by real or tangible personal~~
19 ~~property are in this state if the borrower is located in this state,~~
20 ~~which location shall be presumed to be the borrower's billing address;~~

21 ~~(g) Gross interest, fees, points, charges, and penalties from credit~~
22 ~~card receivables and gross receipts from annual fees and other fees~~
23 ~~charged to credit card holders are in this state if the billing address~~
24 ~~of the credit card holder is in this state;~~

25 ~~(h) Net gains, but not less than zero, from the sale of credit card~~
26 ~~receivables are in this state if the billing address of the credit card~~
27 ~~holder is in this state;~~

28 ~~(i) Gross receipts from the lease, rental, or licensing of tangible~~
29 ~~personal property are in this state to the extent the property is located~~
30 ~~in this state;~~

31 ~~(j) Gross receipts from the sale, lease, rental, or licensing of~~

1 ~~real property are in this state if the real property is located in this~~
2 ~~state; and~~

3 ~~(k) Sales other than sales of tangible personal property not~~
4 ~~specifically addressed in this subsection must be sourced so as to fairly~~
5 ~~represent the extent of the taxpayer's business activity in this state.~~
6 ~~This requirement will be considered met in the following situations: (i)~~
7 ~~If the buyer is an individual, a sale is deemed to have occurred at the~~
8 ~~buyer's billing address; and (ii) if the buyer is not an individual and~~
9 ~~the sale is from an order placed in the regular course of the customer's~~
10 ~~business, the sale is deemed to have occurred in the state from which the~~
11 ~~order was placed and, if that place cannot be readily determined, the~~
12 ~~sale is deemed to have occurred at the customer's billing address.~~

13 ~~(4) To continue the tax policy of this state which enhances the~~
14 ~~deployment of broadband in rural and underserved areas of this state,~~
15 ~~sales, other than sales of tangible personal property, of a~~
16 ~~communications company are in this state if: (a) The income-producing~~
17 ~~activity is performed in this state; or (b) the income-producing activity~~
18 ~~is performed both in and outside this state and a greater proportion of~~
19 ~~the income-producing activity is performed in this state than in any~~
20 ~~other state, based on costs of performance.~~

21 Sec. 26. Section 77-27,132, Revised Statutes Cumulative Supplement,
22 2016, is amended to read:

23 77-27,132 (1) There is hereby created a fund to be designated the
24 Revenue Distribution Fund which shall be set apart and maintained by the
25 Tax Commissioner. Revenue not required to be credited to the General Fund
26 or any other specified fund may be credited to the Revenue Distribution
27 Fund. Credits and refunds of such revenue shall be paid from the Revenue
28 Distribution Fund. The balance of the amount credited, after credits and
29 refunds, shall be allocated as provided by the statutes creating such
30 revenue.

31 (2) The Tax Commissioner shall pay to a depository bank designated

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

5 (a) For transactions occurring on or after October 1, 2014, and
6 before October 1, 2019, credit to the Game and Parks Commission Capital
7 Maintenance Fund all of the proceeds of the sales and use taxes imposed
8 pursuant to section 77-2703 on the sale or lease of motorboats as defined
9 in section 37-1204, personal watercraft as defined in section 37-1204.01,
10 all-terrain vehicles as defined in section 60-103, and utility-type
11 vehicles as defined in section 60-135.01;

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

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

27 (d) Of the proceeds of the sales and use taxes derived from
28 transactions other than those listed in subdivisions (2)(a) and (b) of
29 this section, credit to the Property Tax Credit Cash Fund the amount
30 certified under section 77-27,237, if any such certification is made.

31 The balance of all amounts collected under the Nebraska Revenue Act

1 of 1967 shall be credited to the General Fund.

2 Sec. 27. Section 77-27,235, Revised Statutes Cumulative Supplement,
3 2016, is amended to read:

4 77-27,235 (1) Any producer of electricity generated by a new
5 renewable electric generation facility shall earn a renewable energy tax
6 credit. For electricity generated on or after July 14, 2006, and before
7 October 1, 2007, the credit shall be .075 cent for each kilowatt-hour of
8 electricity generated by a new renewable electric generation facility.
9 For electricity generated on or after October 1, 2007, and before January
10 1, 2010, the credit shall be .1 cent for each kilowatt-hour of
11 electricity generated by a new renewable electric generation facility.
12 For electricity generated on or after January 1, 2010, and before January
13 1, 2013, the credit shall be .075 cent per kilowatt-hour for electricity
14 generated by a new renewable electric generation facility. For
15 electricity generated on or after January 1, 2013, the credit shall be .
16 05 cent per kilowatt-hour for electricity generated by a new renewable
17 electric generation facility. The credit may be earned for production of
18 electricity for ten years after the date that the facility is placed in
19 operation on or after July 14, 2006.

20 (2) For purposes of this section:

21 (a) Electricity generated by a new renewable electric generation
22 facility means electricity that is exclusively produced by a new
23 renewable electric generation facility;

24 (b) Eligible renewable resources means wind, moving water, solar,
25 geothermal, fuel cell, methane gas, or photovoltaic technology; and

26 (c) New renewable electric generation facility means an electrical
27 generating facility located in this state that is first placed into
28 service on or after July 14, 2006, which utilizes eligible renewable
29 resources as its fuel source.

30 (3) The credit allowed under this section may be used to reduce the
31 producer's Nebraska income tax liability or to obtain a refund of state

1 sales and use taxes paid by the producer of electricity generated by a
2 new renewable electric generation facility. A claim to use the credit for
3 refund of the state sales and use taxes paid, either directly or
4 indirectly, by the producer may be filed quarterly for electricity
5 generated during the previous quarter by the twentieth day of the month
6 following the end of the calendar quarter. The credit may be used to
7 obtain a refund of state sales and use taxes paid during the quarter
8 immediately preceding the quarter in which the claim for refund is made,
9 except that the amount refunded under this subsection shall not exceed
10 the amount of the state sales and use taxes paid during the quarter.

11 (4) The Department of Revenue may adopt and promulgate rules and
12 regulations to permit verification of the validity and timeliness of any
13 renewable energy tax credit claimed.

14 (5) The total amount of renewable energy tax credits that may be
15 used by all taxpayers shall be limited to fifty thousand dollars without
16 further authorization from the Legislature.

17 ~~(6) The credit allowed under this section may not be claimed by a~~
18 ~~producer who received a sales tax exemption under section 77-2704.57 for~~
19 ~~the new renewable electric generation facility.~~

20 ~~(6) (7)~~ Interest shall not be allowed on any refund paid under this
21 section.

22 Sec. 28. Section 77-2912, Revised Statutes Cumulative Supplement,
23 2016, is amended to read:

24 77-2912 There shall be no new applications filed under the Nebraska
25 Job Creation and Mainstreet Revitalization Act after the operative date
26 of this act ~~December 31, 2022~~. All applications and all credits pending
27 or approved before such date shall continue in full force and effect,
28 except that no credits shall be allocated under section 77-2905, issued
29 under section 77-2906, or used on any tax return or similar filing after
30 December 31, 2022 ~~2027~~.

31 Sec. 29. Section 77-3501.01, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 77-3501.01 (1) For purposes of section 77-3507, exempt amount shall
3 mean the lesser of (a) the taxable value of the homestead or (b) eighty
4 ~~one hundred~~ percent of the average assessed value of single-family
5 residential property in the claimant's county of residence as determined
6 in section 77-3506.02 or forty thousand dollars, whichever is greater.

7 (2) For purposes of sections 77-3508 and 77-3509, exempt amount
8 shall mean the lesser of (a) the taxable value of the homestead or (b)
9 one hundred ~~twenty~~ percent of the average assessed value of single-family
10 residential property in the claimant's county of residence as determined
11 in section 77-3506.02 or fifty thousand dollars, whichever is greater.

12 (3) For purposes of section 77-3506, exempt amount shall mean the
13 taxable value of the homestead.

14 Sec. 30. Section 77-3505.02, Reissue Revised Statutes of Nebraska,
15 is amended to read:

16 77-3505.02 Maximum value shall mean:

17 (1) For applicants eligible under section 77-3507, one hundred fifty
18 ~~two hundred~~ percent of the average assessed value of single-family
19 residential property in the claimant's county of residence as determined
20 in section 77-3506.02 or ninety-five thousand dollars, whichever is
21 greater; and

22 (2) For applicants eligible under sections 77-3508 and 77-3509, one
23 hundred seventy-five ~~two hundred twenty-five~~ percent of the average
24 assessed value of single-family residential property in the claimant's
25 county of residence as determined in section 77-3506.02 or one hundred
26 ten thousand dollars, whichever is greater.

27 Sec. 31. Section 77-3507, Revised Statutes Cumulative Supplement,
28 2016, is amended to read:

29 77-3507 (1) All homesteads in this state shall be assessed for
30 taxation the same as other property, except that there shall be exempt
31 from taxation on homesteads of qualified claimants a percentage of the

1 exempt amount as limited by section 77-3506.03. The percentage of the
2 exempt amount shall be determined based on the household income of a
3 claimant pursuant to subsections (2) through (4) of this section.

4 (2) For 2018 ~~2014~~, for a qualified married or closely related
5 claimant, the percentage of the exempt amount for which the claimant
6 shall be eligible shall be the percentage in Column B which corresponds
7 with the claimant's household income in Column A in the table found in
8 this subsection.

9	Column A	Column B
10	Household Income	Percentage
11	In Dollars	Of Relief
12	<u>0 through 31,600</u>	<u>100</u>
13	<u>31,601 through 33,300</u>	<u>85</u>
14	<u>33,301 through 34,500</u>	<u>70</u>
15	<u>34,501 through 35,700</u>	<u>55</u>
16	<u>35,701 through 36,900</u>	<u>40</u>
17	<u>36,901 through 38,100</u>	<u>25</u>
18	<u>38,101 and over</u>	<u>0</u>
19	0 through 31,600	100
20	31,601 through 33,300	90
21	33,301 through 35,000	80
22	35,001 through 36,700	70
23	36,701 through 38,400	60
24	38,401 through 40,100	50
25	40,101 through 41,800	40
26	41,801 through 43,500	30
27	43,501 through 45,200	20
28	45,201 through 46,900	10
29	46,901 and over	0

30 (3) For 2018 ~~2014~~, for a qualified single claimant, the percentage

1 of the exempt amount for which the claimant shall be eligible shall be
2 the percentage in Column B which corresponds with the claimant's
3 household income in Column A in the table found in this subsection.

4	Column A	Column B
5	Household Income	Percentage
6	In Dollars	Of Relief
7	<u>0 through 27,000</u>	<u>100</u>
8	<u>27,001 through 28,400</u>	<u>85</u>
9	<u>28,401 through 29,700</u>	<u>70</u>
10	<u>29,701 through 31,100</u>	<u>55</u>
11	<u>31,101 through 32,500</u>	<u>40</u>
12	<u>32,501 through 33,900</u>	<u>25</u>
13	<u>33,901 and over</u>	<u>0</u>
14	0 through 26,900	100
15	26,901 through 28,300	90
16	28,301 through 29,700	80
17	29,701 through 31,100	70
18	31,101 through 32,500	60
19	32,501 through 33,900	50
20	33,901 through 35,300	40
21	35,301 through 36,700	30
22	36,701 through 38,100	20
23	38,101 through 39,500	10
24	39,501 and over	0

25 (4) For exemption applications filed in calendar year 2019 ~~2015~~ and
26 each year thereafter, the income eligibility amounts in subsections (2)
27 and (3) of this section shall be adjusted for inflation by the method
28 provided in section 151 of the Internal Revenue Code. The income
29 eligibility amounts shall be adjusted for cumulative inflation since 2018
30 ~~2014~~. If any amount is not a multiple of one hundred dollars, the amount

1 shall be rounded to the next lower multiple of one hundred dollars.

2 Sec. 32. Section 77-4209, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 77-4209 Sections 77-4209 to ~~77-4211~~ ~~77-4212~~ shall be known and may
5 be cited as the Property Tax Credit Act.

6 Sec. 33. Section 77-5023, Reissue Revised Statutes of Nebraska, is
7 amended to read:

8 77-5023 (1) Pursuant to section 77-5022, the commission shall have
9 the power to increase or decrease the value of a class or subclass of
10 real property in any county or taxing authority or of real property
11 valued by the state so that all classes or subclasses of real property in
12 all counties fall within an acceptable range.

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

22 (3) Any increase or decrease shall cause the level of value
23 determined by the commission to be at the midpoint of the applicable
24 acceptable range.

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

28 (5) Whether or not the level of value determined by the commission
29 falls within an acceptable range or at the midpoint of an acceptable
30 range may be determined to a reasonable degree of certainty relying upon
31 generally accepted mass appraisal techniques.

1 Sec. 34. Section 77-5725, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 77-5725 (1) Applicants may qualify for benefits under the Nebraska
4 Advantage Act in one of six tiers:

5 (a) Tier 1, investment in qualified property of at least one million
6 dollars and the hiring of at least ten new employees. There shall be no
7 new project applications for benefits under this tier filed after the
8 operative date of this act ~~December 31, 2020~~. All complete project
9 applications filed on or before the operative date of this act ~~December~~
10 ~~31, 2020~~, shall be considered by the Tax Commissioner and approved if the
11 project and taxpayer qualify for benefits. Agreements may be executed
12 with regard to completed project applications filed on or before the
13 operative date of this act ~~December 31, 2020~~. All project agreements
14 pending, approved, or entered into before such date shall continue in
15 full force and effect;

16 (b) Tier 2, (i) investment in qualified property of at least three
17 million dollars and the hiring of at least thirty new employees or (ii)
18 for a large data center project, investment in qualified property for the
19 data center of at least two hundred million dollars and the hiring for
20 the data center of at least thirty new employees. There shall be no new
21 project applications for benefits under this tier filed after the
22 operative date of this act ~~December 31, 2020~~. All complete project
23 applications filed on or before the operative date of this act ~~December~~
24 ~~31, 2020~~, shall be considered by the Tax Commissioner and approved if the
25 project and taxpayer qualify for benefits. Agreements may be executed
26 with regard to completed project applications filed on or before the
27 operative date of this act ~~December 31, 2020~~. All project agreements
28 pending, approved, or entered into before such date shall continue in
29 full force and effect;

30 (c) Tier 3, the hiring of at least thirty new employees. There shall
31 be no new project applications for benefits under this tier filed after

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

9 (d) Tier 4, investment in qualified property of at least ten million
10 dollars and the hiring of at least one hundred new employees. There shall
11 be no new project applications for benefits under this tier filed after
12 the operative date of this act ~~December 31, 2020~~. All complete project
13 applications filed on or before the operative date of this act ~~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 the
17 operative date of this act ~~December 31, 2020~~. All project agreements
18 pending, approved, or entered into before such date shall continue in
19 full force and effect;

20 (e) Tier 5, (i) investment in qualified property of at least thirty
21 million dollars or (ii) for the production of electricity by using one or
22 more sources of renewable energy to produce electricity for sale as
23 described in subdivision (1)(j) of section 77-5715, investment in
24 qualified property of at least twenty million dollars. Failure to
25 maintain an average number of equivalent employees as defined in section
26 77-5727 greater than or equal to the number of equivalent employees in
27 the base year shall result in a partial recapture of benefits. There
28 shall be no new project applications for benefits under this tier filed
29 after the operative date of this act ~~December 31, 2020~~. All complete
30 project applications filed on or before the operative date of this act
31 ~~December 31, 2020~~, shall be considered by the Tax Commissioner and

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

6 (f) Tier 6, investment in qualified property of at least ten million
7 dollars and the hiring of at least seventy-five new employees or the
8 investment in qualified property of at least one hundred million dollars
9 and the hiring of at least fifty new employees. There shall be no new
10 project applications for benefits under this tier filed after the
11 operative date of this act ~~December 31, 2020~~. All complete project
12 applications filed on or before the operative date of this act ~~December~~
13 ~~31, 2020~~, shall be considered by the Tax Commissioner and approved if the
14 project and taxpayer qualify for benefits. Agreements may be executed
15 with regard to completed project applications filed on or before the
16 operative date of this act ~~December 31, 2020~~. All project agreements
17 pending, approved, or entered into before such date shall continue in
18 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 and acquired
25 by the taxpayer, whether by lease or purchase, after the date the
26 application was filed, shall constitute separate classes of property and
27 are eligible for exemption under the conditions and for the time periods
28 provided in subdivision (8)(b) of this section.

29 (b)(i) A taxpayer who has met the required levels of employment and
30 investment for a tier 4 project shall receive the exemption of property
31 in subdivisions (8)(c)(ii), (iii), and (iv) of this section. A taxpayer

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

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

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

24 (iv) A taxpayer who has a project for an Internet web portal or a
25 data center and who has met the required levels of employment and
26 investment for a tier 2 project or the required level of investment for a
27 tier 5 project, taking into account only the employment and investment at
28 the web portal or data center project, shall receive the exemption of
29 property in subdivision (8)(c)(ii) of this section. Such property shall
30 be eligible for the exemption from the first January 1 following the end
31 of the year during which the required levels were exceeded through the

1 ninth December 31 after the first year any property included in
2 subdivisions (8)(c)(ii), (iii), (iv), and (v) of this section qualifies
3 for the exemption.

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

7 (c) The following property used in connection with such project or
8 projects and acquired by the taxpayer, whether by lease or purchase,
9 after the date the application was filed shall constitute separate
10 classes of personal property:

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

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

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

28 (iv) Personal property which is business equipment located in a
29 single project if the business equipment is involved directly in the
30 manufacture or processing of agricultural products; and

31 (v) For a tier 2 large data center project or tier 6 project, any

1 other personal property located at the project.

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

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

20 (b) For tier 1, tier 2, tier 4, and tier 5 projects other than tier
21 5 projects described in subdivision (1)(e)(ii) of this section, beginning
22 October 1, 2006, and each October 1 thereafter, the average Producer
23 Price Index for all commodities, published by the United States
24 Department of Labor, Bureau of Labor Statistics, for the most recent
25 twelve available periods shall be divided by the Producer Price Index for
26 the first quarter of 2006 and the result multiplied by the applicable
27 investment threshold. The investment thresholds shall be adjusted for
28 cumulative inflation since 2006.

29 (c) For tier 6, beginning October 1, 2008, and each October 1
30 thereafter, the average Producer Price Index for all commodities,
31 published by the United States Department of Labor, Bureau of Labor

1 Statistics, for the most recent twelve available periods shall be divided
2 by the Producer Price Index for the first quarter of 2008 and the result
3 multiplied by the applicable investment threshold. The investment
4 thresholds shall be adjusted for cumulative inflation since 2008.

5 (d) For a tier 2 large data center project, beginning October 1,
6 2012, and each October 1 thereafter, the average Producer Price Index for
7 all commodities, published by the United States Department of Labor,
8 Bureau of Labor Statistics, for the most recent twelve available periods
9 shall be divided by the Producer Price Index for the first quarter of
10 2012 and the result multiplied by the applicable investment threshold.
11 The investment thresholds shall be adjusted for cumulative inflation
12 since 2012.

13 (e) If the resulting amount is not a multiple of one million
14 dollars, the amount shall be rounded to the next lowest one million
15 dollars.

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

20 Sec. 35. Section 79-1016, Reissue Revised Statutes of Nebraska, is
21 amended to read:

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

30 (2) On or before October 10, the Property Tax Administrator shall
31 compute and certify to the State Department of Education the adjusted

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

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

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

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

27 (c) For personal property, the net book value as defined in section
28 77-120.

29 (4) On or before November 10, any local system may file with the Tax
30 Commissioner written objections to the adjusted valuations prepared by
31 the Property Tax Administrator, stating the reasons why such adjusted

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

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

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

1 certified on the tax list, pursuant to section 77-1613, increased or
2 decreased by changes to the tax list that change the assessed value of
3 taxable property in the school district in the county in the prior
4 assessment year. On or before the following July 31, the Tax Commissioner
5 shall approve or deny the request and, if approved, certify the corrected
6 adjusted valuations resulting from such action to the State Department of
7 Education.

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

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

23 Sec. 36. This act becomes operative on January 1, 2018.

24 Sec. 37. Original sections 39-2701, 77-2101.01, 77-2101.02,
25 77-2101.03, 77-2701.10, 77-2701.34, 77-2701.47, 77-2704.55, 77-2716.01,
26 77-2716.03, 77-3505.02, 77-4209, 77-5023, and 79-1016, Reissue Revised
27 Statutes of Nebraska, and sections 13-3103, 77-201, 77-1116, 77-1237,
28 77-2701.16, 77-2703, 77-2704.10, 77-2708, 77-2715, 77-2715.03,
29 77-2715.07, 77-2716, 77-2717, 77-2734.07, 77-2734.14, 77-27,132,
30 77-27,235, 77-2912, 77-3501.01, 77-3507, and 77-5725, Revised Statutes
31 Cumulative Supplement, 2016, are repealed.

1 Sec. 38. The following sections are outright repealed: Section
2 77-2715.09, Reissue Revised Statutes of Nebraska, and sections
3 77-2704.57, 77-2704.64, 77-2708.01, 77-2715.08, and 77-4212, Revised
4 Statutes Cumulative Supplement, 2016.