LEGISLATION OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 947

Introduced by Smith, 14; at the request of the Governor.
Read first time January 10, 2018
Committee: Revenue

A BILL FOR AN ACT relating to revenue and taxation; to amend sections 77-4211 and 77-4602, Reissue Revised Statutes of Nebraska, sections 77-202, 77-693, 77-801, 77-1238, 77-1248, 77-2715.03, 77-2715.07, 77-2734.02, and 81-1201.21, Revised Statutes Cumulative Supplement, 2016, and section 77-4212, Revised Statutes Supplement, 2017; to adopt the Nebraska Property Tax Cuts and Opportunities Act; to eliminate exemptions under the Personal Property Tax Relief Act; to change income tax rates; to eliminate credits under the Property Tax Credit Act; to change provisions relating to certain General Fund transfers; provide for certain transfers; to harmonize provisions; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,
Section 1. Sections 1 to 6 of this act shall be known and may be cited as the Nebraska Property Tax Cuts and Opportunities Act.

Sec. 2. For purposes of the Nebraska Property Tax Cuts and Opportunities Act:

(1) Agricultural land and horticultural land has the same meaning as in section 77-1359;

(2) Department means the Department of Revenue;

(3) Farm site has the same meaning as in section 77-1359;

(4) Homestead has the same meaning as in section 77-3502; and

(5) Owner has the same meaning as in section 77-3503.

Sec. 3. (1) For taxable years beginning or deemed to begin on or after January 1, 2018, each resident individual who is an owner of a homestead shall be allowed a refundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 equal to a percentage of the property taxes paid during the taxable year on such homestead, not to exceed the limitation amount provided in subsection (2) of this section. For taxable year 2018, the refundable credit shall be ten percent of the property taxes paid during the taxable year. For taxable year 2019 and each taxable year thereafter, the percentage may be increased as provided in section 5 of this act, not to exceed thirty percent.

(2) For taxable year 2018, the limitation amount shall be equal to two hundred thirty dollars per homestead. For taxable year 2019 and each taxable year thereafter, the limitation amount may be increased as provided in section 5 of this act, not to exceed seven hundred thirty dollars. For individuals whose federal filing status is married filing separately, or for multiple individuals owning and occupying the same homestead, the limitation amount shall be allocated between the individuals as provided in forms and instructions developed by the Tax Commissioner.

(3) If the property taxes on a homestead are paid by a corporation having an election in effect under subchapter S of the Internal Revenue
Sec. 4. (1) For taxable years beginning or deemed to begin on or after January 1, 2018, each resident individual shall be allowed a refundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 equal to a percentage of the property taxes paid during the taxable year on agricultural land and horticultural land, farm sites, and improvements on farm sites that are agricultural or horticultural in nature. For taxable year 2018, the refundable credit shall be ten percent of the property taxes paid during the taxable year. For taxable year 2019 and each taxable year thereafter, the percentage may be increased as provided in section 5 of this act, not to exceed thirty percent.

(2) If the property taxes on agricultural land and horticultural land, farm sites, and improvements on farm sites are paid by a corporation having an election in effect under subchapter S of the Internal Revenue Code, a partnership, a limited liability company, a trust, or an estate, the amount of property taxes paid during the taxable year shall be allocated to the shareholders, partners, members, or beneficiaries in the same proportion that income is distributed. The department shall provide forms and schedules necessary for verifying eligibility for the credit provided in this section and for allocating the property taxes paid.

Sec. 5. (1) For taxable year 2019 and each taxable year thereafter, if the actual General Fund net receipts for the fiscal year ending during the taxable year, as reported in the public statement of the Tax Commissioner required in subsection (2) of section 77-4602, are at least one hundred one percent of the certified estimated receipts for such
The percentage used to determine the refundable income tax credit for a homestead under subsection (1) of section 3 of this act for the current taxable year shall be the percentage from the prior taxable year increased by two percentage points, not to exceed thirty percent;

(b) The limitation amount used to determine the maximum refundable income tax credit for a homestead under subsection (2) of section 3 of this act for the current taxable year shall be the limitation amount from the prior taxable year increased by fifty dollars, not to exceed seven hundred thirty dollars; and

(c) The percentage used to determine the refundable income tax credit for agricultural land and horticultural land, farm sites, and agricultural or horticultural improvements under subsection (1) of section 4 of this act for the current taxable year shall be the percentage from the prior taxable year increased by two percentage points, not to exceed thirty percent.

(2) The Tax Commissioner shall immediately certify the increased percentages and the increased limitation amount to the Director of Administrative Services and the Legislature and shall modify the individual income tax forms and instructions accordingly.

Sec. 6. The department may adopt and promulgate rules and regulations to carry out the Nebraska Property Tax Cuts and Opportunities Act.

Sec. 7. Section 77-202, Revised Statutes Cumulative Supplement, 2016, is amended to read:

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

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

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

(ii) Public purpose means use of the property (A) to provide public services with or without cost to the recipient, including the general operation of government, public education, public safety, transportation, public works, civil and criminal justice, public health and welfare, developments by a public housing authority, parks, culture, recreation, community development, and cemetery purposes, or (B) to carry out the duties and responsibilities conferred by law with or without consideration. Public purpose does not include leasing of property to a private party unless the lease of the property is at fair market value for a public purpose. Leases of property by a public housing authority to low-income individuals as a place of residence are for the authority's public purpose;
(b) Unleased property of the state or its governmental subdivisions which is not being used or developed for use for a public purpose but upon which a payment in lieu of taxes is paid for public safety, rescue, and emergency services and road or street construction or maintenance services to all governmental units providing such services to the property. Except as provided in Article VIII, section 11, of the Constitution of Nebraska, the payment in lieu of taxes shall be based on the proportionate share of the cost of providing public safety, rescue, or emergency services and road or street construction or maintenance services unless a general policy is adopted by the governing body of the governmental subdivision providing such services which provides for a different method of determining the amount of the payment in lieu of taxes. The governing body may adopt a general policy by ordinance or resolution for determining the amount of payment in lieu of taxes by majority vote after a hearing on the ordinance or resolution. Such ordinance or resolution shall nevertheless result in an equitable contribution for the cost of providing such services to the exempt property;

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

(d) Property owned by educational, religious, charitable, or cemetery organizations, or any organization for the exclusive benefit of any such educational, religious, charitable, or cemetery organization, and used exclusively for educational, religious, charitable, or cemetery purposes, when such property is not (i) owned or used for financial gain or profit to either the owner or user, (ii) used for the sale of alcoholic liquors for more than twenty hours per week, or (iii) owned or used by an organization which discriminates in membership or employment based on race, color, or national origin. For purposes of this subdivision, educational organization means (A) an institution operated exclusively for the purpose of offering regular courses with systematic
instruction in academic, vocational, or technical subjects or assisting
students through services relating to the origination, processing, or
guarantying of federally reinsured student loans for higher education or
(B) a museum or historical society operated exclusively for the benefit
and education of the public. For purposes of this subdivision, charitable
organization includes an organization operated exclusively for the
purpose of the mental, social, or physical benefit of the public or an
indefinite number of persons and a fraternal benefit society organized
and licensed under sections 44-1072 to 44-10,109; and

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

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

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

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

(5) Business and agricultural inventory shall be exempt from the
personal property tax. For purposes of this subsection, business
inventory includes personal property owned for purposes of leasing or
renting such property to others for financial gain only if the personal
property is of a type which in the ordinary course of business is leased
or rented thirty days or less and may be returned at the option of the
lessee or renter at any time and the personal property is of a type which
would be considered household goods or personal effects if owned by an
individual. All other personal property owned for purposes of leasing or
renting such property to others for financial gain shall not be
considered business inventory.
(6) Any personal property exempt pursuant to subsection (2) of section 77-4105 or section 77-5209.02 shall be exempt from the personal property tax.

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

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

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

(10) Any tangible personal property that is acquired by a person operating a data center located in this state, that is assembled, engineered, processed, fabricated, manufactured into, attached to, or incorporated into other tangible personal property, both in component form or that of an assembled product, for the purpose of subsequent use at a physical location outside this state by the person operating a data center shall be exempt from the personal property tax. Such exemption extends to keeping, retaining, or exercising any right or power over tangible personal property in this state for the purpose of subsequently transporting it outside this state for use thereafter outside this state.
For purposes of this subsection, data center means computers, supporting equipment, and other organized assembly of hardware or software that are designed to centralize the storage, management, or dissemination of data and information, environmentally controlled structures or facilities or interrelated structures or facilities that provide the infrastructure for housing the equipment, such as raised flooring, electricity supply, communication and data lines, Internet access, cooling, security, and fire suppression, and any building housing the foregoing.

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

Sec. 8. Section 77-693, Revised Statutes Cumulative Supplement, 2016, is amended to read:

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

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

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

(c) The ratio of the taxable value of railroad personal property to
the market value of railroad personal property. The numerator of the ratio shall be the taxable value of railroad personal property. The denominator of the ratio shall be the railroad system value allocated to Nebraska and multiplied by a factor representing the net book value of rail transportation personal property divided by the net book value of total rail transportation property;

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

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

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

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

(4) After the adjustment made pursuant to subsections (1) and (2) of this section, the Property Tax Administrator shall, for tax years prior to tax year 2019, multiply the value of the tangible personal property of each railroad and car line by the compensating exemption factor calculated in section 77-1238.
Sec. 9. Section 77-801, Revised Statutes Cumulative Supplement, 2016, is amended to read:

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

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

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

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

Sec. 10. Section 77-1238, Revised Statutes Cumulative Supplement, 2016, is amended to read:

77-1238 (1) For tax years prior to tax year 2019, every person
who is required to list his or her taxable tangible personal property as
defined in section 77-105, as required under section 77-1229, shall
receive an exemption from taxation for the first ten thousand dollars of
valuation of his or her tangible personal property in each tax district
as defined in section 77-127 in which a personal property return is
required to be filed. Failure to report tangible personal property on the
personal property return required by section 77-1229 shall result in a
forfeiture of the exemption for any tangible personal property not timely
reported for that year.

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

Sec. 11. Section 77-1248, Revised Statutes Cumulative Supplement,
2016, is amended to read:

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

(2)(a) In determining the taxable value of the flight equipment of
air carriers pursuant to subsection (1) of this section, the Property Tax
Administrator shall determine the following ratios:

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

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

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

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

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

Sec. 12. Section 77-2715.03, Revised Statutes Cumulative Supplement,
2016, is amended to read:

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

<table>
<thead>
<tr>
<th>Bracket</th>
<th>Single Individuals Filing</th>
<th>Married, Head of Household Filing</th>
<th>Married, Estates and</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
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</tbody>
</table>
Jointly
Separate
Trusts

<table>
<thead>
<tr>
<th>Bracket Number</th>
<th>Individual Filing</th>
<th>Household Filing</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$0-2,399</td>
<td>$0-4,799</td>
<td>2.46%</td>
</tr>
<tr>
<td>2</td>
<td>$2,400-</td>
<td>$4,800-</td>
<td>4.99%</td>
</tr>
<tr>
<td>3</td>
<td>$17,500-</td>
<td>$35,000-</td>
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<tr>
<td>4</td>
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</table>

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

Individual Income Tax Brackets and Rates

<table>
<thead>
<tr>
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(3) For taxable years beginning or deemed to begin on or after January 1, 2019, and before January 1, 2020, the following brackets and rates are hereby established for the Nebraska individual income tax:

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</tr>
<tr>
<td>4</td>
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</tr>
</tbody>
</table>
(4) For taxable years beginning or deemed to begin on or after January 1, 2020, the following brackets and rates are hereby established for the Nebraska individual income tax:

<table>
<thead>
<tr>
<th>Bracket</th>
<th>Single</th>
<th>Married, Jointly</th>
<th>Married, Separately</th>
<th>Heads of Household</th>
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<th>Rate</th>
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<td>$0-5,999</td>
<td>$0-5,599</td>
<td>$0-2,999</td>
<td>$0-499</td>
<td>2.46%</td>
</tr>
<tr>
<td>2</td>
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<td>$6,000-</td>
<td>$5,600-</td>
<td>$3,000-</td>
<td>$500-</td>
<td>3.51%</td>
</tr>
<tr>
<td>3</td>
<td>17,999</td>
<td>35,999</td>
<td>28,799</td>
<td>17,999</td>
<td>4,699</td>
<td>3.51%</td>
</tr>
<tr>
<td>4</td>
<td>$18,000-</td>
<td>$36,000-</td>
<td>$28,800-</td>
<td>$18,000-</td>
<td>$4,700-</td>
<td>5.01%</td>
</tr>
<tr>
<td>5</td>
<td>28,999</td>
<td>57,999</td>
<td>42,999</td>
<td>28,999</td>
<td>15,149</td>
<td>5.01%</td>
</tr>
<tr>
<td>6</td>
<td>$29,000</td>
<td>$58,000</td>
<td>$43,000</td>
<td>$29,000</td>
<td>$15,150</td>
<td>5.01%</td>
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<td>7</td>
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<td>and Over</td>
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</table>

(5)(a) (3)(a) For taxable years beginning or deemed to begin on or after January 1, 2015, the minimum and maximum dollar amounts for each income tax bracket provided in subsections (2) through (4) of this section shall be adjusted for inflation by the percentage determined under subdivision (5)(b) (3)(b) of this section. The rate applicable to any such income tax bracket shall not be changed as part of any adjustment under this subsection. The minimum and maximum dollar amounts for each income tax bracket as adjusted shall be rounded to the nearest ten-dollar amount. If the adjusted amount for any income tax bracket ends in a five, it shall be rounded up to the nearest ten-dollar amount.
(b) The Tax Commissioner shall adjust the income tax brackets by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code of 1986, as amended, except that in section 1(f)(3)(B) of the code the year 2013 shall be substituted for the year 1992. For 2015, the Tax Commissioner shall then determine the percent change from the twelve months ending on August 31, 2013, to the twelve months ending on August 31, 2014, and in each subsequent year, from the twelve months ending on August 31, 2013, to the twelve months ending on August 31 of the year preceding the taxable year. The Tax Commissioner shall prescribe new tax rate schedules that apply in lieu of the schedules set forth in subsections subsection (2) through (4) of this section.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) A credit for contributions to certified community betterment programs as provided in the Community Development Assistance Act. Each partner, each shareholder of an electing subchapter S corporation, each beneficiary of an estate or trust, or each member of a limited liability
company shall report his or her share of the credit in the same manner
and proportion as he or she reports the partnership, subchapter S
corporation, estate, trust, or limited liability company income;
(c) A credit for investment in a biodiesel facility as provided in
section 77-27,236;
(d) A credit as provided in the New Markets Job Growth Investment
Act;
(e) A credit as provided in the Nebraska Job Creation and Mainstreet
Revitalization Act;
(f) A credit to employers as provided in section 77-27,238; and
(g) A credit as provided in the Affordable Housing Tax Credit Act.
(4) There shall be allowed as a credit against the income tax
imposed by the Nebraska Revenue Act of 1967:
(a) A credit to all resident estates and trusts for taxes paid to
another state as provided in section 77-2730;
(b) A credit to all estates and trusts for contributions to
certified community betterment programs as provided in the Community
Development Assistance Act; and
(c) A refundable credit for individuals who qualify for an income
tax credit as an owner of agricultural assets under the Beginning Farmer
Tax Credit Act for all taxable years beginning or deemed to begin on or
after January 1, 2009, under the Internal Revenue Code of 1986, as
amended. The credit allowed for each partner, shareholder, member, or
beneficiary of a partnership, corporation, limited liability company, or
estate or trust qualifying for an income tax credit as an owner of
agricultural assets under the Beginning Farmer Tax Credit Act shall be
equal to the partner's, shareholder's, member's, or beneficiary's portion
of the amount of tax credit distributed pursuant to subsection (4) of
section 77-5211.
(5)(a) For all taxable years beginning on or after January 1, 2007,
and before January 1, 2009, under the Internal Revenue Code of 1986, as
amended, there shall be allowed to each partner, shareholder, member, or
beneficiary of a partnership, subchapter S corporation, limited liability
company, or estate or trust a nonrefundable credit against the income tax
imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
partner's, shareholder's, member's, or beneficiary's portion of the
amount of franchise tax paid to the state under sections 77-3801 to
77-3807 by a financial institution.

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

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

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

Sec. 14. Section 77-2734.02, Revised Statutes Cumulative Supplement,
2016, is amended to read:

77-2734.02 (1) Except as provided in subsection (2) of this section,
a tax is hereby imposed on the taxable income of every corporate taxpayer
that is doing business in this state:
(a) For taxable years beginning or deemed to begin before January 1, 2013, at a rate equal to one hundred fifty and eight-tenths percent of the primary rate imposed on individuals under section 77-2701.01 on the first one hundred thousand dollars of taxable income and at the rate of two hundred eleven percent of such rate on all taxable income in excess of one hundred thousand dollars. The resultant rates shall be rounded to the nearest one hundredth of one percent; and

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

(c) For taxable years beginning or deemed to begin on or after January 1, 2019, and before January 1, 2020, at a rate equal to 5.58 percent on the first one hundred thousand dollars of taxable income and at the rate of 6.75 percent on all taxable income in excess of one hundred thousand dollars; and

(d) For taxable years beginning or deemed to begin on or after January 1, 2020, at a rate equal to 5.58 percent on the first one hundred thousand dollars of taxable income and at the rate of 6.69 percent on all taxable income in excess of one hundred thousand dollars.

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

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

(3) For a corporate taxpayer that is subject to tax in another state, its taxable income shall be the portion of the taxpayer's federal taxable income, as adjusted, that is determined to be connected with the taxpayer's operations in this state pursuant to sections 77-2734.05 to 77-2734.15.

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

Sec. 15. Section 77-4211, Reissue Revised Statutes of Nebraska, is amended to read:

77-4211 The Property Tax Credit Cash Fund is created. The fund shall only be used pursuant to the Property Tax Credit Act. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act. The State Treasurer shall transfer the unobligated balance in the fund to the General Fund on or before September 30, 2018, as directed by the budget administrator of the budget division of the Department of Administrative Services.

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

77-4212 (1) For tax year 2007, the amount of relief granted under the Property Tax Credit Act shall be one hundred five million dollars. For tax year 2008, the amount of relief granted under the act shall be one hundred fifteen million dollars. It is the intent of the Legislature to fund the Property Tax Credit Act for tax years after tax year 2008 through 2016 using available revenue. For tax year 2017, the amount of relief granted under the act shall be two hundred twenty-four million dollars. The relief shall be in the form of a property tax credit which appears on the property tax statement. For tax year 2018 and each tax year thereafter, the amount of relief granted under the act shall be
zero.

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

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

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

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

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

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

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

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

Sec. 17. Section 77-4602, Reissue Revised Statutes of Nebraska, is amended to read:

77-4602 (1) Within fifteen days after the end of each month, the Tax Commissioner shall provide a public statement of actual General Fund net receipts and a comparison of such actual net receipts to the monthly estimate certified pursuant to section 77-4601.

(2) Within fifteen days after the end of each fiscal year, the public statement shall also include a summary of actual General Fund net receipts and estimated General Fund net receipts for the fiscal year.

(3) If the actual General Fund net receipts for the fiscal year as reported in subsection (2) of this section exceed estimated receipts for the fiscal year, the Tax Commissioner shall immediately certify to the director such excess amount. The following shall apply to such excess amount:

(a) Through July 2018, the State Treasurer shall immediately transfer an amount equal to such excess amount from the General Fund to the Cash Reserve Fund upon certification by the director of such excess amount; and -

(b) Beginning July 2019:

(i) If the excess amount is less than one percent of the estimated General Fund net receipts for the fiscal year, the State Treasurer shall immediately transfer an amount equal to such excess amount from the General Fund to the Cash Reserve Fund upon certification by the director of such excess amount; or
(ii) If the excess amount is one percent or more of the estimated General Fund net receipts for the fiscal year, the State Treasurer shall immediately transfer the amount by which the excess amount exceeds one percent of the estimated General Fund net receipts for the fiscal year from the General Fund to the Cash Reserve Fund upon certification by the director of such amount.

Sec. 18. Section 81-1201.21, Revised Statutes Cumulative Supplement, 2016, is amended to read:

81-1201.21 (1) There is hereby created the Job Training Cash Fund. The fund shall be under the direction of the Department of Economic Development. Money may be transferred to the fund pursuant to subdivision (1)(b)(iii) of section 48-621 and from the Cash Reserve Fund at the direction of the Legislature. The department shall establish a subaccount for all money transferred from the Cash Reserve Fund to the Job Training Cash Fund on or after July 1, 2005. The State Treasurer shall transfer five million dollars from the General Fund to the Job Training Cash Fund on or before July 15, 2018, as directed by the budget administrator of the budget division of the Department of Administrative Services. The State Treasurer shall transfer five million dollars from the General Fund to the Job Training Cash Fund on or before July 15, 2019, as directed by the budget administrator of the budget division of the Department of Administrative Services.

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

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

(4) The State Treasurer shall transfer:
   (a) Two hundred fifty thousand dollars from the Job Training Cash Fund to the General Fund no later than July 15 of 2015 and 2016; and
   (b) Two hundred fifty thousand dollars from the Job Training Cash Fund to the Sector Partnership Program Fund on or before July 15, 2016.

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

Sec. 19. Original sections 77-4211 and 77-4602, Reissue Revised Statutes of Nebraska, sections 77-202, 77-693, 77-801, 77-1238, 77-1248, 77-2715.03, 77-2715.07, 77-2734.02, and 81-1201.21, Revised Statutes Cumulative Supplement, 2016, and section 77-4212, Revised Statutes Supplement, 2017, are repealed.
Sec. 20. Since an emergency exists, this act takes effect when passed and approved according to law.