

AMENDMENTS TO LB289

Introduced by Revenue.

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

3           Section 1. Section 76-901, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5           76-901 There is hereby imposed a tax on the grantor executing the  
6 deed as defined in section 76-203 upon the transfer of a beneficial  
7 interest in or legal title to real estate at the rate of three ~~two~~  
8 dollars and twenty-five cents for each one thousand dollars value or  
9 fraction thereof. For purposes of sections 76-901 to 76-908, value means  
10 (1) in the case of any deed, not a gift, the amount of the full actual  
11 consideration thereof, paid or to be paid, including the amount of any  
12 lien or liens assumed, and (2) in the case of a gift or any deed with  
13 nominal consideration or without stated consideration, the current market  
14 value of the property transferred. Such tax shall be evidenced by stamps  
15 to be attached to the deed. All deeds purporting to transfer legal title  
16 or beneficial interest shall be presumed taxable unless it clearly  
17 appears on the face of the deed or sufficient documentary proof is  
18 presented to the register of deeds that the instrument is exempt under  
19 section 76-902.

20           Sec. 2. Section 76-903, Reissue Revised Statutes of Nebraska, is  
21 amended to read:

22           76-903 The Tax Commissioner shall design such stamps in such  
23 denominations as in his or her judgment will be the most advantageous to  
24 all persons concerned. When any deed subject to the tax imposed by  
25 section 76-901 is offered for recordation, the register of deeds shall  
26 ascertain and compute the amount of the tax due thereon and shall collect  
27 such amount as a prerequisite to acceptance of the deed for recordation.

1 If a dispute arises concerning the taxability of the transfer, the  
2 register of deeds shall not record the deed until the disputed tax is  
3 paid. If a disputed tax has been paid, the taxpayer may file for a refund  
4 pursuant to section 76-908. The taxpayer may also seek a declaratory  
5 ruling pursuant to rules and regulations adopted and promulgated by the  
6 Department of Revenue. From each three ~~two~~ dollars and twenty-five cents  
7 of tax collected pursuant to section 76-901, the register of deeds shall  
8 retain fifty cents to be placed in the county general fund and shall  
9 remit the balance to the State Treasurer who shall credit ninety-five  
10 cents of such amount to the Affordable Housing Trust Fund, twenty-five  
11 cents of such amount to the Site and Building Development Fund, twenty-  
12 five cents of such amount to the Homeless Shelter Assistance Trust Fund,  
13 ~~and~~ thirty cents of such amount to the Behavioral Health Services Fund,  
14 and one dollar of such amount to the Property Tax Credit Cash Fund. The  
15 register of deeds shall remit the amount to be credited to the Property  
16 Tax Credit Cash Fund on a monthly basis.

17 Sec. 3. Section 77-202, Reissue Revised Statutes of Nebraska, is  
18 amended to read:

19 77-202 (1) The following property shall be exempt from property  
20 taxes:

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

24 (i) Property of the state and its governmental subdivisions means  
25 (A) property held in fee title by the state or a governmental subdivision  
26 or (B) property beneficially owned by the state or a governmental  
27 subdivision in that it is used for a public purpose and is being acquired  
28 under a lease-purchase agreement, financing lease, or other instrument  
29 which provides for transfer of legal title to the property to the state  
30 or a governmental subdivision upon payment of all amounts due thereunder.  
31 If the property to be beneficially owned by a governmental subdivision

1 has a total acquisition cost that exceeds the threshold amount or will be  
2 used as the site of a public building with a total estimated construction  
3 cost that exceeds the threshold amount, then such property shall qualify  
4 for an exemption under this section only if the question of acquiring  
5 such property or constructing such public building has been submitted at  
6 a primary, general, or special election held within the governmental  
7 subdivision and has been approved by the voters of the governmental  
8 subdivision. For purposes of this subdivision, threshold amount means the  
9 greater of fifty thousand dollars or six-tenths of one percent of the  
10 total actual value of real and personal property of the governmental  
11 subdivision that will beneficially own the property as of the end of the  
12 governmental subdivision's prior fiscal year; and

13 (ii) Public purpose means use of the property (A) to provide public  
14 services with or without cost to the recipient, including the general  
15 operation of government, public education, public safety, transportation,  
16 public works, civil and criminal justice, public health and welfare,  
17 developments by a public housing authority, parks, culture, recreation,  
18 community development, and cemetery purposes, or (B) to carry out the  
19 duties and responsibilities conferred by law with or without  
20 consideration. Public purpose does not include leasing of property to a  
21 private party unless the lease of the property is at fair market value  
22 for a public purpose. Leases of property by a public housing authority to  
23 low-income individuals as a place of residence are for the authority's  
24 public purpose;

25 (b) Unleased property of the state or its governmental subdivisions  
26 which is not being used or developed for use for a public purpose but  
27 upon which a payment in lieu of taxes is paid for public safety, rescue,  
28 and emergency services and road or street construction or maintenance  
29 services to all governmental units providing such services to the  
30 property. Except as provided in Article VIII, section 11, of the  
31 Constitution of Nebraska, the payment in lieu of taxes shall be based on

1 the proportionate share of the cost of providing public safety, rescue,  
2 or emergency services and road or street construction or maintenance  
3 services unless a general policy is adopted by the governing body of the  
4 governmental subdivision providing such services which provides for a  
5 different method of determining the amount of the payment in lieu of  
6 taxes. The governing body may adopt a general policy by ordinance or  
7 resolution for determining the amount of payment in lieu of taxes by  
8 majority vote after a hearing on the ordinance or resolution. Such  
9 ordinance or resolution shall nevertheless result in an equitable  
10 contribution for the cost of providing such services to the exempt  
11 property;

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

14 (d) Property owned by educational, religious, charitable, or  
15 cemetery organizations, or any organization for the exclusive benefit of  
16 any such educational, religious, charitable, or cemetery organization,  
17 and used exclusively for educational, religious, charitable, or cemetery  
18 purposes, when such property is not (i) owned or used for financial gain  
19 or profit to either the owner or user, (ii) used for the sale of  
20 alcoholic liquors for more than twenty hours per week, or (iii) owned or  
21 used by an organization which discriminates in membership or employment  
22 based on race, color, or national origin. For purposes of this  
23 subdivision, educational organization means (A) an institution operated  
24 exclusively for the purpose of offering regular courses with systematic  
25 instruction in academic, vocational, or technical subjects or assisting  
26 students through services relating to the origination, processing, or  
27 guarantying of federally reinsured student loans for higher education or  
28 (B) a museum or historical society operated exclusively for the benefit  
29 and education of the public. For purposes of this subdivision, charitable  
30 organization includes an organization operated exclusively for the  
31 purpose of the mental, social, or physical benefit of the public or an

1 indefinite number of persons and a fraternal benefit society organized  
2 and licensed under sections 44-1072 to 44-10,109; and

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

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

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

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

14 (5) Business and agricultural inventory shall be exempt from the  
15 personal property tax. For purposes of this subsection, business  
16 inventory includes personal property owned for purposes of leasing or  
17 renting such property to others for financial gain only if the personal  
18 property is of a type which in the ordinary course of business is leased  
19 or rented thirty days or less and may be returned at the option of the  
20 lessee or renter at any time and the personal property is of a type which  
21 would be considered household goods or personal effects if owned by an  
22 individual. All other personal property owned for purposes of leasing or  
23 renting such property to others for financial gain shall not be  
24 considered business inventory.

25 (6) Any personal property exempt pursuant to subsection (2) of  
26 section 77-4105 or section 77-5209.02 shall be exempt from the personal  
27 property tax.

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

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

31 (9) Any depreciable tangible personal property used directly in the

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

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

1 fire suppression, and any building housing the foregoing.

2 (11) For tax years prior to tax year 2019, each person who owns  
3 property required to be reported to the county assessor under section  
4 77-1201,~~there~~ shall be allowed an exemption amount as provided in the  
5 Personal Property Tax Relief Act. For tax years prior to tax year 2019,  
6 each person who owns property required to be valued by the state as  
7 provided in section 77-601, 77-682, 77-801, or 77-1248,~~there~~ shall be  
8 allowed a compensating exemption factor as provided in the Personal  
9 Property Tax Relief Act.

10 Sec. 4. Section 77-382, Reissue Revised Statutes of Nebraska, is  
11 amended to read:

12 77-382 (1) The department shall prepare a tax expenditure report  
13 describing (a) the basic provisions of the Nebraska tax laws, (b) the  
14 actual or estimated revenue loss caused by the exemptions, deductions,  
15 exclusions, deferrals, credits, and preferential rates in effect on July  
16 1 of each year and allowed under Nebraska's tax structure and in the  
17 property tax, (c) the actual or estimated revenue loss caused by failure  
18 to impose sales and use tax on services purchased for nonbusiness use,  
19 and (d) the elements which make up the tax base for state and local  
20 income, including income, sales and use, property, and miscellaneous  
21 taxes.

22 (2) The department shall review the major tax exemptions for which  
23 state general funds are used to reduce the impact of revenue lost due to  
24 a tax expenditure. The report shall indicate an estimate of the amount of  
25 the reduction in revenue resulting from the operation of all tax  
26 expenditures. The report shall list each tax expenditure relating to  
27 sales and use tax under the following categories:

28 (a) Agriculture, which shall include a separate listing for the  
29 following items: Agricultural machinery; agricultural chemicals; seeds  
30 sold to commercial producers; water for irrigation and manufacturing;  
31 commercial artificial insemination; mineral oil as dust suppressant;

1 animal grooming; oxygen for use in aquaculture; animal life whose  
2 products constitute food for human consumption; and grains;

3 (b) Business across state lines, which shall include a separate  
4 listing for the following items: Property shipped out-of-state;  
5 fabrication labor for items to be shipped out-of-state; property to be  
6 transported out-of-state; property purchased in other states to be used  
7 in Nebraska; aircraft delivery to an out-of-state resident or business;  
8 state reciprocal agreements for industrial machinery; and property taxed  
9 in another state;

10 (c) Common carrier and logistics, which shall include a separate  
11 listing for the following items: Railroad rolling stock and repair parts  
12 and services; common or contract carriers and repair parts and services;  
13 common or contract carrier accessories; and common or contract carrier  
14 safety equipment;

15 (d) Consumer goods, which shall include a separate listing for the  
16 following items: Motor vehicles and motorboat trade-ins; merchandise  
17 trade-ins; certain medical equipment and medicine; newspapers;  
18 ~~laundromats; telefloral deliveries;~~ motor vehicle discounts for the  
19 disabled; and political campaign fundraisers;

20 (e) Energy, which shall include a separate listing for the following  
21 items: Motor fuels; energy used in industry; energy used in agriculture;  
22 aviation fuel; and minerals, oil, and gas severed from real property;

23 (f) Food, which shall include a separate listing for the following  
24 items: Food for home consumption; Supplemental Nutrition Assistance  
25 Program; school lunches; meals sold by hospitals; meals sold by  
26 institutions at a flat rate; food for the elderly, handicapped, and  
27 Supplemental Security Income recipients; and meals sold by churches;

28 (g) General business, which shall include a separate listing for the  
29 following items: Component and ingredient parts; manufacturing machinery;  
30 containers; film rentals; molds and dies; syndicated programming;  
31 intercompany sales; intercompany leases; sale of a business or farm



1 machinery; and transfer of property in a change of business ownership;

2 (h) Lodging and shelter, which shall include a separate listing for  
3 the following item: Room rentals by certain institutions;

4 (i) Miscellaneous, which shall include a separate listing for the  
5 following items: Cash discounts and coupons; separately stated finance  
6 charges; casual sales; lease-to-purchase agreements; and separately  
7 stated taxes;

8 (j) Nonprofits, governments, and exempt entities, which shall  
9 include a separate listing for the following items: Purchases by  
10 political subdivisions of the state; purchases by churches and nonprofit  
11 colleges and medical facilities; purchasing agents for public real estate  
12 construction improvements; contractor as purchasing agent for public  
13 agencies; Nebraska lottery; admissions to school events; sales on Native  
14 American Indian reservations; school-supporting fundraisers; fine art  
15 purchases by a museum; purchases by the Nebraska State Fair Board;  
16 purchases by the Nebraska Investment Finance Authority and licensees of  
17 the State Racing Commission; purchases by the United States Government;  
18 public records; and sales by religious organizations;

19 (k) Recent sales tax expenditures, which shall include a separate  
20 listing for each sales tax expenditure created by statute or rule and  
21 regulation after July 19, 2012;

22 (l) Services purchased for nonbusiness use, which shall include a  
23 separate listing for each such service, including, but not limited to,  
24 the following items: Legal ~~Motor vehicle cleaning, maintenance, and~~  
25 ~~repair services; cleaning and repair of clothing; cleaning, maintenance,~~  
26 ~~and repair of other tangible personal property; maintenance, painting,~~  
27 ~~and repair of real property; entertainment admissions; personal care~~  
28 ~~services; lawn care, gardening, and landscaping services; pet-related~~  
29 ~~services; storage and moving services; household utilities; other~~  
30 ~~personal services; taxi, limousine, and other transportation services;~~  
31 ~~legal~~ services; accounting services; other professional services; and

1 other real estate services; and

2 (m) Telecommunications, which shall include a separate listing for  
3 the following items: Telecommunications access charges; prepaid calling  
4 arrangements; conference bridging services; and nonvoice data services.

5 (3) It is the intent of the Legislature that nothing in the Tax  
6 Expenditure Reporting Act shall cause the valuation or assessment of any  
7 property exempt from taxation on the basis of its use exclusively for  
8 religious, educational, or charitable purposes.

9 Sec. 5. Section 77-693, Reissue Revised Statutes of Nebraska, is  
10 amended to read:

11 77-693 (1) The Property Tax Administrator in determining the taxable  
12 value of railroads and car lines shall determine the following ratios  
13 involving railroad and car line property and commercial and industrial  
14 property:

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

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

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

30 (d) The ratio of the taxable value of railroad real property to the  
31 market value of railroad real property. The numerator of the ratio shall

1 be the taxable value of railroad real property. The denominator of the  
2 ratio shall be the railroad system value allocated to Nebraska and  
3 multiplied by a factor representing the net book value of rail  
4 transportation real property divided by the net book value of total rail  
5 transportation property; and

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

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

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

19 (4) For tax years prior to tax year 2019, after ~~After~~ the adjustment  
20 made pursuant to subsections (1) and (2) of this section, the Property  
21 Tax Administrator shall multiply the value of the tangible personal  
22 property of each railroad and car line by the compensating exemption  
23 factor calculated in section 77-1238.

24 Sec. 6. Section 77-801, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26 77-801 (1) All public service entities shall, on or before April 15  
27 of each year, furnish a statement specifying such information as may be  
28 required by the Property Tax Administrator on forms prescribed by the Tax  
29 Commissioner to determine and distribute the entity's total taxable value  
30 including the franchise value. All information reported by the public  
31 service entities, not available from any other public source, and any

1 memorandum thereof shall be confidential and available to taxing  
2 officials only. For good cause shown, the Property Tax Administrator may  
3 allow an extension of time in which to file such statement. Such  
4 extension shall not exceed fifteen days after April 15.

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

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

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

21 Sec. 7. Section 77-1238, Reissue Revised Statutes of Nebraska, is  
22 amended to read:

23 77-1238 (1) For tax years prior to tax year 2019, every Every person  
24 who is required to list his or her taxable tangible personal property as  
25 defined in section 77-105, as required under section 77-1229, shall  
26 receive an exemption from taxation for the first ten thousand dollars of  
27 valuation of his or her tangible personal property in each tax district  
28 as defined in section 77-127 in which a personal property return is  
29 required to be filed. Failure to report tangible personal property on the  
30 personal property return required by section 77-1229 shall result in a  
31 forfeiture of the exemption for any tangible personal property not timely

1 reported for that year.

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

16 Sec. 8. Section 77-1239, Reissue Revised Statutes of Nebraska, is  
17 amended to read:

18 77-1239 (1) For tax years prior to tax year 2019, reimbursement  
19 ~~Reimbursement~~ to taxing subdivisions for tax revenue that will be lost  
20 because of the personal property tax exemptions allowed in subsection (1)  
21 of section 77-1238 shall be as provided in this subsection. The county  
22 assessor and county treasurer shall, on or before November 30 of each  
23 year, certify to the Tax Commissioner, on forms prescribed by the Tax  
24 Commissioner, the total tax revenue that will be lost to all taxing  
25 subdivisions within his or her county from taxes levied and assessed in  
26 that year because of the personal property tax exemptions allowed in  
27 subsection (1) of section 77-1238. The county assessor and county  
28 treasurer may amend the certification to show any change or correction in  
29 the total tax revenue that will be lost until May 30 of the next  
30 succeeding year. The Tax Commissioner shall, on or before January 1 next  
31 following the certification, notify the Director of Administrative

1 Services of the amount so certified to be reimbursed by the state.  
2 Reimbursement of the tax revenue lost shall be made to each county  
3 according to the certification and shall be distributed in two  
4 approximately equal installments on the last business day of February and  
5 the last business day of June. The State Treasurer shall, on the business  
6 day preceding the last business day of February and the last business day  
7 of June, notify the Director of Administrative Services of the amount of  
8 funds available in the General Fund to pay the reimbursement. The  
9 Director of Administrative Services shall, on the last business day of  
10 February and the last business day of June, draw warrants against funds  
11 appropriated. Out of the amount received, the county treasurer shall  
12 distribute to each of the taxing subdivisions within his or her county  
13 the full tax revenue lost by each subdivision, except that one percent of  
14 such amount shall be deposited in the county general fund.

15 (2) For tax years prior to tax year 2019, reimbursement  
16 ~~Reimbursement~~ to taxing subdivisions for tax revenue that will be lost  
17 because of the compensating exemption factor in subsection (2) of section  
18 77-1238 shall be as provided in this subsection. The Property Tax  
19 Administrator shall establish the average tax rate that will be used for  
20 purposes of reimbursing taxing subdivisions pursuant to this subsection.  
21 The average tax rate shall be equal to the total property taxes levied in  
22 the state divided by the total taxable value of all taxable property in  
23 the state as certified pursuant to section 77-1613.01. The Tax  
24 Commissioner shall certify, on or before January 30 of each year, to the  
25 Director of Administrative Services the total valuation that will be lost  
26 to all taxing subdivisions within each county because of the compensating  
27 exemption factor in subsection (2) of section 77-1238. Such amount,  
28 multiplied by the average tax rate calculated pursuant to this  
29 subsection, shall be the tax revenue to be reimbursed to the taxing  
30 subdivisions by the state. Reimbursement of the tax revenue lost for  
31 public service entities shall be made to each county according to the

1 certification and shall be distributed among the taxing subdivisions  
2 within each county in the same proportion as all public service entity  
3 taxes levied by the taxing subdivisions. Reimbursement of the tax revenue  
4 lost for railroads shall be made to each county according to the  
5 certification and shall be distributed among the taxing subdivisions  
6 within each county in the same proportion as all railroad taxes levied by  
7 taxing subdivisions. Reimbursement of the tax revenue lost for car line  
8 companies shall be distributed in the same manner as the taxes collected  
9 pursuant to section 77-684. Reimbursement of the tax revenue lost for air  
10 carriers shall be distributed in the same manner as the taxes collected  
11 pursuant to section 77-1250.

12 (3) Each taxing subdivision shall, in preparing its annual or  
13 biennial budget, take into account the amounts to be received under this  
14 section.

15 (4) The fourteen million dollars saved due to the elimination of  
16 funding for the Personal Property Tax Relief Act shall be used to  
17 increase the appropriation from the General Fund to the Property Tax  
18 Credit Cash Fund for fiscal year 2019-20 and each fiscal year thereafter.

19 Sec. 9. Section 77-1248, Reissue Revised Statutes of Nebraska, is  
20 amended to read:

21 77-1248 (1) The Property Tax Administrator shall ascertain from the  
22 reports made and from any other information obtained by him or her the  
23 taxable value of the flight equipment of air carriers and the proportion  
24 allocated to this state for the purposes of taxation as provided in  
25 section 77-1245.

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

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

1 depreciable tangible personal property in the state; and

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

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

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

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

19 Sec. 10. Section 77-1327, Reissue Revised Statutes of Nebraska, is  
20 amended to read:

21 77-1327 (1) It is the intent of the Legislature that accurate and  
22 comprehensive information be developed by the Property Tax Administrator  
23 and made accessible to the taxing officials and property owners in order  
24 to ensure the uniformity and proportionality of the assessments of real  
25 property valuations in the state in accordance with law and to provide  
26 the statistical and narrative reports pursuant to section 77-5027.

27 (2) All transactions of real property for which the statement  
28 required in section 76-214 is filed shall be available for development of  
29 a sales file by the Property Tax Administrator. All transactions with  
30 stated consideration of more than one hundred dollars or upon which more  
31 than three ~~two~~ dollars and twenty-five cents in documentary stamp taxes



1 are paid shall be considered sales. All sales shall be deemed to be arm's  
2 length transactions unless determined to be otherwise under  
3 professionally accepted mass appraisal techniques. The Department of  
4 Revenue shall not overturn a determination made by a county assessor  
5 regarding the qualification of a sale unless the department reviews the  
6 sale and determines through the review that the determination made by the  
7 county assessor is incorrect.

8 (3) The Property Tax Administrator annually shall make and issue  
9 comprehensive assessment ratio studies of the average level of  
10 assessment, the degree of assessment uniformity, and the overall  
11 compliance with assessment requirements for each major class of real  
12 property subject to the property tax in each county. The comprehensive  
13 assessment ratio studies shall be developed in compliance with  
14 professionally accepted mass appraisal techniques and shall employ such  
15 statistical analysis as deemed appropriate by the Property Tax  
16 Administrator, including measures of central tendency and dispersion. The  
17 comprehensive assessment ratio studies shall be based upon the sales file  
18 as developed in subsection (2) of this section and shall be used by the  
19 Property Tax Administrator for the analysis of the level of value and  
20 quality of assessment for purposes of section 77-5027 and by the Property  
21 Tax Administrator in establishing the adjusted valuations required by  
22 section 79-1016. Such studies may also be used by assessing officials in  
23 establishing assessed valuations.

24 (4) For purposes of determining the level of value of agricultural  
25 and horticultural land subject to special valuation under sections  
26 77-1343 to 77-1347.01, the Property Tax Administrator shall annually make  
27 and issue a comprehensive study developed in compliance with  
28 professionally accepted mass appraisal techniques to establish the level  
29 of value if in his or her opinion the level of value cannot be developed  
30 through the use of the comprehensive assessment ratio studies developed  
31 in subsection (3) of this section.

1           (5) County assessors and other taxing officials shall electronically  
2 report data on the assessed valuation and other features of the property  
3 assessment process for such periods and in such form and content as the  
4 Property Tax Administrator shall deem appropriate. The Property Tax  
5 Administrator shall so construct and maintain the system used to collect  
6 and analyze the data to enable him or her to make intracounty comparisons  
7 of assessed valuation, including school districts and other political  
8 subdivisions, as well as intercounty comparisons of assessed valuation,  
9 including school districts and other political subdivisions. The Property  
10 Tax Administrator shall include analysis of real property sales pursuant  
11 to land contracts and similar transfers at the time of execution of the  
12 contract or similar transfer.

13           Sec. 11. Section 77-1514, Reissue Revised Statutes of Nebraska, is  
14 amended to read:

15           77-1514 (1) The county assessor shall prepare an abstract of the  
16 property assessment rolls of locally assessed real property of his or her  
17 county on forms prescribed and furnished by the Tax Commissioner. The  
18 county assessor shall file the abstract with the Property Tax  
19 Administrator on or before March 19, except beginning January 1, 2014, in  
20 any county with a population of at least one hundred fifty thousand  
21 inhabitants according to the most recent federal decennial census, the  
22 real property abstract shall be filed on or before March 25. The abstract  
23 shall show the taxable value of real property in the county as determined  
24 by the county assessor and any other information as required by the  
25 Property Tax Administrator. The Property Tax Administrator, upon written  
26 request from the county assessor, may for good cause shown extend the  
27 final filing due date for the abstract and the statutory deadlines  
28 provided in section 77-5027. The Property Tax Administrator may extend  
29 the statutory deadline in section 77-5028 for a county if the deadline is  
30 extended for that county. Beginning January 1, 2014, in any county with a  
31 population of at least one hundred fifty thousand inhabitants according

1 to the most recent federal decennial census, the county assessor shall  
2 request an extension of the final filing due date by March 22.

3 (2) For tax years prior to tax year 2019, the The county assessor  
4 shall prepare an abstract of the property assessment rolls of locally  
5 assessed personal property of his or her county on forms prescribed and  
6 furnished by the Tax Commissioner. The county assessor shall  
7 electronically file the abstract with the Property Tax Administrator on  
8 or before July 20.

9 Sec. 12. Section 77-2602, Reissue Revised Statutes of Nebraska, is  
10 amended to read:

11 77-2602 (1) Every stamping agent engaged in distributing or selling  
12 cigarettes at wholesale in this state shall pay to the Tax Commissioner  
13 of this state a special privilege tax. This shall be in addition to all  
14 other taxes. It shall be paid prior to or at the time of the sale, gift,  
15 or delivery to the retail dealer in the several amounts as follows: On  
16 each package of cigarettes containing not more than twenty cigarettes,  
17 one dollar ~~sixty-four cents~~ per package; and on packages containing more  
18 than twenty cigarettes, the same tax as provided on packages containing  
19 not more than twenty cigarettes for the first twenty cigarettes in each  
20 package and a tax of one-twentieth of the tax on the first twenty  
21 cigarettes on each cigarette in excess of twenty cigarettes in each  
22 package.

23 (2) Beginning October 1, 2004, the State Treasurer shall place the  
24 equivalent of forty-nine cents of such tax in the General Fund. The State  
25 Treasurer shall reduce the amount placed in the General Fund under this  
26 subsection by the amount prescribed in subdivision (3)(d) of this  
27 section. For purposes of this section, the equivalent of a specified  
28 number of cents of the tax shall mean that portion of the proceeds of the  
29 tax equal to the specified number divided by the tax rate per package of  
30 cigarettes containing not more than twenty cigarettes.

31 (3) The State Treasurer shall distribute the remaining proceeds of

1 such tax in the following order:

2 (a) First, beginning July 1, 1980, the State Treasurer shall place  
3 the equivalent of one cent of such tax in the Nebraska Outdoor Recreation  
4 Development Cash Fund. For fiscal year distributions occurring after  
5 FY1998-99, the distribution under this subdivision shall not be less than  
6 the amount distributed under this subdivision for FY1997-98. Any money  
7 needed to increase the amount distributed under this subdivision to the  
8 FY1997-98 amount shall reduce the distribution to the General Fund;

9 (b) Second, beginning July 1, 1993, the State Treasurer shall place  
10 the equivalent of three cents of such tax in the Health and Human  
11 Services Cash Fund to carry out sections 81-637 to 81-640. For fiscal  
12 year distributions occurring after FY1998-99, the distribution under this  
13 subdivision shall not be less than the amount distributed under this  
14 subdivision for FY1997-98. Any money needed to increase the amount  
15 distributed under this subdivision to the FY1997-98 amount shall reduce  
16 the distribution to the General Fund;

17 (c) Third, beginning October 1, 2002, and continuing until all the  
18 purposes of the Deferred Building Renewal Act have been fulfilled, the  
19 State Treasurer shall place the equivalent of seven cents of such tax in  
20 the Building Renewal Allocation Fund. The distribution under this  
21 subdivision shall not be less than the amount distributed under this  
22 subdivision for FY1997-98. Any money needed to increase the amount  
23 distributed under this subdivision to the FY1997-98 amount shall reduce  
24 the distribution to the General Fund;

25 (d) Fourth, until July 1, 2009, the State Treasurer shall place in  
26 the Municipal Infrastructure Redevelopment Fund the sum of five hundred  
27 twenty thousand dollars each fiscal year to carry out the Municipal  
28 Infrastructure Redevelopment Fund Act. The Legislature shall appropriate  
29 the sum of five hundred twenty thousand dollars each year for fiscal year  
30 2003-04 through fiscal year 2008-09;

31 (e) Fifth, beginning July 1, 2001, and continuing until June 30,

1 2008, the State Treasurer shall place the equivalent of two cents of such  
2 tax in the Information Technology Infrastructure Fund. The distribution  
3 under this subdivision shall not be less than two million fifty thousand  
4 dollars. Any money needed to increase the amount distributed under this  
5 subdivision to two million fifty thousand dollars shall reduce the  
6 distribution to the General Fund;

7 (f) Sixth, beginning July 1, 2001, and continuing until June 30,  
8 2016, the State Treasurer shall place one million dollars each fiscal  
9 year in the City of the Primary Class Development Fund. If necessary, the  
10 State Treasurer shall reduce the distribution of tax proceeds to the  
11 General Fund pursuant to subsection (2) of this section by such amount  
12 required to fulfill the one million dollars to be distributed pursuant to  
13 this subdivision;

14 (g) Seventh, beginning July 1, 2001, and continuing until June 30,  
15 2016, the State Treasurer shall place one million five hundred thousand  
16 dollars each fiscal year in the City of the Metropolitan Class  
17 Development Fund. If necessary, the State Treasurer shall reduce the  
18 distribution of tax proceeds to the General Fund pursuant to subsection  
19 (2) of this section by such amount required to fulfill the one million  
20 five hundred thousand dollars to be distributed pursuant to this  
21 subdivision;

22 (h) Eighth, beginning July 1, 2008, and continuing until June 30,  
23 2009, the State Treasurer shall place the equivalent of two million fifty  
24 thousand dollars of such tax in the Nebraska Public Safety Communication  
25 System Cash Fund. Beginning July 1, 2009, and continuing until June 30,  
26 2016, the State Treasurer shall place the equivalent of two million five  
27 hundred seventy thousand dollars of such tax in the Nebraska Public  
28 Safety Communication System Cash Fund. Beginning July 1, 2016, and every  
29 fiscal year thereafter, the State Treasurer shall place the equivalent of  
30 three million eight hundred twenty thousand dollars of such tax in the  
31 Nebraska Public Safety Communication System Cash Fund. If necessary, the

1 State Treasurer shall reduce the distribution of tax proceeds to the  
2 General Fund pursuant to subsection (2) of this section by such amount  
3 required to fulfill the distribution pursuant to this subdivision;~~and~~

4 (i) Ninth, beginning July 1, 2016, and every fiscal year thereafter,  
5 the State Treasurer shall place the equivalent of one million two hundred  
6 fifty thousand dollars of such tax in the Nebraska Health Care Cash Fund.

7 If necessary, the State Treasurer shall reduce the distribution of tax  
8 proceeds to the General Fund pursuant to subsection (2) of this section  
9 by such amount required to fulfill the distribution pursuant to this  
10 subdivision; and -

11 (j) Tenth, beginning July 1, 2019, and each month thereafter, the  
12 State Treasurer shall place the equivalent of thirty-six cents of such  
13 tax in the Property Tax Credit Cash Fund.

14 (4) If, after distributing the proceeds of such tax pursuant to  
15 subsections (2) and (3) of this section, any proceeds of such tax remain,  
16 the State Treasurer shall place such remainder in the Nebraska Capital  
17 Construction Fund.

18 (5) The Legislature hereby finds and determines that the projects  
19 funded from the Municipal Infrastructure Redevelopment Fund and the  
20 Building Renewal Allocation Fund are of critical importance to the State  
21 of Nebraska. It is the intent of the Legislature that the allocations and  
22 appropriations made by the Legislature to such funds or, in the case of  
23 allocations for the Municipal Infrastructure Redevelopment Fund, to the  
24 particular municipality's account not be reduced until all contracts and  
25 securities relating to the construction and financing of the projects or  
26 portions of the projects funded from such funds or accounts of such funds  
27 are completed or paid or, in the case of the Municipal Infrastructure  
28 Redevelopment Fund, the earlier of such date or July 1, 2009, and that  
29 until such time any reductions in the cigarette tax rate made by the  
30 Legislature shall be simultaneously accompanied by equivalent reductions  
31 in the amount dedicated to the General Fund from cigarette tax revenue.

1 Any provision made by the Legislature for distribution of the proceeds of  
2 the cigarette tax for projects or programs other than those to (a) the  
3 General Fund, (b) the Nebraska Outdoor Recreation Development Cash Fund,  
4 (c) the Health and Human Services Cash Fund, (d) the Municipal  
5 Infrastructure Redevelopment Fund, (e) the Building Renewal Allocation  
6 Fund, (f) the Information Technology Infrastructure Fund, (g) the City of  
7 the Primary Class Development Fund, (h) the City of the Metropolitan  
8 Class Development Fund, (i) the Nebraska Public Safety Communication  
9 System Cash Fund, ~~and~~ (j) the Nebraska Health Care Cash Fund, and (k) the  
10 Property Tax Credit Cash Fund shall not be made a higher priority than or  
11 an equal priority to any of the programs or projects specified in  
12 subdivisions (a) through (k) ~~(j)~~ of this subsection.

13 Sec. 13. Section 77-2701.02, Reissue Revised Statutes of Nebraska,  
14 is amended to read:

15 77-2701.02 Pursuant to section 77-2715.01:

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

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

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

24 (4) Commencing on the start of the first calendar quarter after July  
25 20, 2002, and until July 1, 2019, the rate of the sales tax levied  
26 pursuant to section 77-2703 shall be five and one-half percent; and -

27 (5) Commencing July 1, 2019, the rate of the sales tax levied  
28 pursuant to section 77-2703 shall be six percent.

29 Sec. 14. Section 77-2701.16, Reissue Revised Statutes of Nebraska,  
30 is amended to read:

31 77-2701.16 (1) Gross receipts means the total amount of the sale or

1 lease or rental price, as the case may be, of the retail sales of  
2 retailers.

3 (2) Gross receipts of every person engaged as a public utility  
4 specified in this subsection, as a community antenna television service  
5 operator, or as a satellite service operator or any person involved in  
6 connecting and installing services defined in subdivision (2)(a), (b), or  
7 (d) of this section means:

8 (a)(i) In the furnishing of telephone communication service, other  
9 than mobile telecommunications service as described in section  
10 77-2703.04, the gross income received from furnishing ancillary services,  
11 except for conference bridging services, and intrastate  
12 telecommunications services, except for value-added, nonvoice data  
13 service.

14 (ii) In the furnishing of mobile telecommunications service as  
15 described in section 77-2703.04, the gross income received from  
16 furnishing mobile telecommunications service that originates and  
17 terminates in the same state to a customer with a place of primary use in  
18 Nebraska;

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

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

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

30 (d) In the furnishing of community antenna television service or  
31 satellite service, the gross income received from the furnishing of such



1 community antenna television service as regulated under sections 18-2201  
2 to 18-2205 or 23-383 to 23-388 or satellite service; and

3 (e) The gross income received from the provision, installation,  
4 construction, servicing, or removal of property used in conjunction with  
5 the furnishing, installing, or connecting of any public utility services  
6 specified in subdivision (2)(a) or (b) of this section or community  
7 antenna television service or satellite service specified in subdivision  
8 (2)(d) of this section, except when acting as a subcontractor for a  
9 public utility, this subdivision does not apply to the gross income  
10 received by a contractor electing to be treated as a consumer of building  
11 materials under subdivision (2) or (3) of section 77-2701.10 for any such  
12 services performed on the customer's side of the utility demarcation  
13 point.

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

16 (a) In the furnishing of computer software, the gross income  
17 received, including the charges for coding, punching, or otherwise  
18 producing any computer software and the charges for the tapes, disks,  
19 punched cards, or other properties furnished by the seller; and

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

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

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

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

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

30 (d) The gross income received for installing and applying tangible  
31 personal property if the sale of the property is subject to tax. If any

1 or all of the charge for installation is free to the customer and is paid  
2 by a third-party service provider to the installer, any tax due on that  
3 part of the activation commission, finder's fee, installation charge, or  
4 similar payment made by the third-party service provider shall be paid  
5 and remitted by the third-party service provider;

6 (e) The gross income received for services of recreational vehicle  
7 parks;

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

12 (g) The gross income received for animal specialty services except  
13 (i) veterinary services performed on livestock as defined in section  
14 54-183, (ii) specialty services performed on livestock as defined in  
15 section 54-183, and (iii) animal grooming performed by a licensed  
16 veterinarian or a licensed veterinary technician in conjunction with  
17 medical treatment; ~~and~~

18 (h) The gross income received for detective services; ~~and~~

19 (i) The gross income received for local or long-distance trucking of  
20 used household, used institutional, or used commercial furniture and  
21 equipment;

22 (j) The gross income received for storage services. For purposes of  
23 this subdivision, storage services means the leasing of mini-warehouses  
24 and self-storage units;

25 (k) The gross income received for clothes cleaning services,  
26 including dry cleaning services and other laundry services. Cleaning  
27 services does not include self-service coin-operated washing machines and  
28 dryers;

29 (l) The gross income received for transportation network company  
30 services which provide prearranged transportation services using an  
31 online-enabled application or platform to connect passengers with

1 participating drivers using a personal vehicle;

2 (m) The gross income received for beauty and personal care services,  
3 including, but not limited to, hair care, nail services, skin care, and  
4 hair removal but excluding massage services;

5 (n) The gross income received for tattoo or other body modification  
6 services;

7 (o) The gross income received for maintenance, painting, and repair  
8 services performed with regard to single-family homes, including, but not  
9 limited to (i) painting and wall covering services, (ii) poured concrete  
10 foundation and structure services, (iii) framing services, (iv) glass and  
11 glazing services, (v) roofing services, (vi) siding services, (vii)  
12 electrical services, (viii) plumbing, heating, and air conditioning  
13 services, (ix) drywall insulation services, (x) flooring services, and  
14 (xi) carpentry services. This subdivision (o) shall not apply to fixed  
15 price contracts executed prior to the operative date of this section;

16 (p) The gross income received for interior decoration services for  
17 single-family homes;

18 (q) The gross income received for limousine, taxi, and other  
19 transportation services;

20 (r) The gross income received for commercial lawn care, gardening,  
21 and landscaping services;

22 (s) The gross income received for parking services provided for  
23 motor vehicles as defined in section 60-123, including, but not limited  
24 to, hourly, daily, or monthly services, valet parking services, parking  
25 services provided by the state or any of its political subdivisions for a  
26 charge, and parking services provided by a not-for-profit entity for a  
27 charge. Contracts for parking services provided to the user free of  
28 charge by a third party are subject to tax;

29 (t) The gross income received for swimming pool cleaning and  
30 maintenance services;

31 (u) The gross income received for dating and social escort services;

- 1           (v) The gross income received for telefloral delivery services;  
2           (w) The gross income received for wedding planning services;  
3           (x) The gross income received for weight loss programs and services,  
4 including, but not limited to, nonmedical group or individual counseling,  
5 menu or exercise planning, and weight and body measurement monitoring;  
6 and  
7           (y) The gross income received for personal training services.

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

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

21           (7) Gross receipts includes the sale of any building materials  
22 annexed to real estate by a person electing to be taxed as a retailer  
23 pursuant to subdivision (1) of section 77-2701.10.

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

26           (9) Gross receipts includes the retail sale of digital audio works,  
27 digital audiovisual works, digital codes, and digital books delivered  
28 electronically if the products are taxable when delivered on tangible  
29 storage media. A sale includes the transfer of a permanent right of use,  
30 the transfer of a right of use that terminates on some condition, and the  
31 transfer of a right of use conditioned upon the receipt of continued

1 payments.

2 (10) Gross receipts does not include:

3 (a) The amount of any rebate granted by a motor vehicle or motorboat  
4 manufacturer or dealer at the time of sale of the motor vehicle or  
5 motorboat, which rebate functions as a discount from the sales price of  
6 the motor vehicle or motorboat; or

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

9 Sec. 15. Section 77-2704.24, Reissue Revised Statutes of Nebraska,  
10 is amended to read:

11 77-2704.24 (1) Sales and use taxes shall not be imposed on the gross  
12 receipts from the sale, lease, or rental of and the storage, use, or  
13 other consumption in this state of food or food ingredients except for  
14 prepared food and food sold through vending machines.

15 (2) For purposes of this section:

16 (a) Alcoholic beverages means beverages that are suitable for human  
17 consumption and contain one-half of one percent or more of alcohol by  
18 volume;

19 (b) Bottled water means water that is placed in a safety sealed  
20 container or package for human consumption. Bottled water is calorie free  
21 and does not contain sweeteners or other additives except that it may  
22 contain: (i) Antimicrobial agents; (ii) fluoride; (iii) carbonation; (iv)  
23 vitamins, minerals, and electrolytes; (v) oxygen; (vi) preservatives; and  
24 (vii) only those flavors, extracts, or essences derived from a spice or  
25 fruit. Bottled water includes water that is delivered to the buyer in a  
26 reusable container that is not sold with the water;

27 (c) Candy means a preparation of sugar, honey, or other natural or  
28 artificial sweeteners in combination with chocolate, fruits, nuts, or  
29 other ingredients or flavorings in the form of bars, drops, or pieces.  
30 Candy shall not include any preparation containing flour and shall  
31 require no refrigeration;

1           (d) ~~(b)~~ Dietary supplement means any product, other than tobacco,  
2 intended to supplement the diet that contains one or more of the  
3 following dietary ingredients: (i) A vitamin, (ii) a mineral, (iii) an  
4 herb or other botanical, (iv) an amino acid, (v) a dietary substance for  
5 use by humans to supplement the diet by increasing the total dietary  
6 intake, or (vi) a concentrate, metabolite, constituent, extract, or  
7 combination of any ingredients described in subdivisions ~~(2)(d)(i)~~ ~~(2)(b)~~  
8 ~~(i)~~ through (v) of this section; that is intended for ingestion in  
9 tablet, capsule, powder, softgel, gelcap, or liquid form or, if not  
10 intended for ingestion in such a form, is not presented as conventional  
11 food and is not represented for use as a sole item of a meal or of the  
12 diet; and that is required to be labeled as a dietary supplement,  
13 identifiable by the supplemental facts box found on the label and as  
14 required pursuant to 21 C.F.R. 101.36, as such regulation existed on  
15 January 1, 2003;

16           (e) ~~(e)~~ Food and food ingredients means substances, whether in  
17 liquid, concentrated, solid, frozen, dried, or dehydrated form, that are  
18 sold for ingestion or chewing by humans and are consumed for their taste  
19 or nutritional value. Food and food ingredients does not include  
20 alcoholic beverages, dietary supplements, ~~or~~ tobacco, bottled water,  
21 candy, soft drinks, or ice;

22           (f) ~~(d)~~ Food sold through vending machines means food that is  
23 dispensed from a machine or other mechanical device that accepts payment;

24           (g) ~~(e)~~ Prepared food means:

25           (i) Food sold with eating utensils provided by the seller, including  
26 plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate  
27 does not include a container or packaging used to transport the food; or

28           (ii) Two or more food ingredients mixed or combined by the seller  
29 for sale as a single item and food sold in a heated state or heated by  
30 the seller, except:

31           (A) Food that is only cut, repackaged, or pasteurized by the seller;

1 (B) Eggs, fish, meat, poultry, and foods containing these raw animal  
2 foods requiring cooking by the consumer as recommended by the federal  
3 Food and Drug Administration in chapter 3, part 401.11 of its Food Code,  
4 as it existed on January 1, 2003, so as to prevent food borne illnesses;

5 (C) Food sold by a seller whose proper primary North American  
6 Industry Classification System classification is manufacturing in sector  
7 311, except subsector 3118, bakeries;

8 (D) Food sold in an unheated state by weight or volume as a single  
9 item;

10 (E) Bakery items, including bread, rolls, buns, biscuits, bagels,  
11 croissants, pastries, donuts, danish, cakes, tortes, pies, tarts,  
12 muffins, bars, cookies, and tortillas; and

13 (F) Food that ordinarily requires additional cooking to finish the  
14 product to its desired final condition; ~~and~~

15 (h) Soft drinks means nonalcoholic beverages that contain natural or  
16 artificial sweeteners. Soft drinks do not include beverages that contain  
17 milk or milk products, soy, rice or similar milk substitutes, or greater  
18 than fifty percent of vegetable or fruit juice by volume; and

19 (i) ~~(f)~~ Tobacco means cigarettes, cigars, chewing or pipe tobacco,  
20 or any other item that contains tobacco.

21 (3) The Governor may stay the collection of sales and use taxes on  
22 bottled water for a period of sixty days in any area of the state  
23 affected by a disaster, emergency, or civil defense emergency as such  
24 terms are defined in section 81-829.39.

25 Sec. 16. Section 77-2715.07, Reissue Revised Statutes of Nebraska,  
26 is amended to read:

27 77-2715.07 (1) There shall be allowed to qualified resident  
28 individuals as a nonrefundable credit against the income tax imposed by  
29 the Nebraska Revenue Act of 1967:

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

1 (b) A credit for taxes paid to another state as provided in section  
2 77-2730.

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

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

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

30 (c) A refundable credit as provided in section 77-5209.01 for  
31 individuals who qualify for an income tax credit as a qualified beginning



1 farmer or livestock producer under the Beginning Farmer Tax Credit Act  
2 for all taxable years beginning or deemed to begin on or after January 1,  
3 2006, under the Internal Revenue Code of 1986, as amended;

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

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

10 (A) ~~Ten~~ ten percent of the federal credit allowed under section 32  
11 of the Internal Revenue Code of 1986, as amended, for taxable years  
12 beginning or deemed to begin before January 1, 2020; and

13 (B) Thirteen percent of the federal credit allowed under section 32  
14 of the Internal Revenue Code of 1986, as amended, for taxable years  
15 beginning or deemed to begin on or after January 1, 2020.

16 (ii) ~~For except that for~~ taxable years beginning or deemed to begin  
17 on or after January 1, 2015, the such refundable credit provided in  
18 subdivision (2)(e)(i) of this section shall be allowed only if the  
19 individual would have received the federal credit allowed under section  
20 32 of the code after adding back in any carryforward of a net operating  
21 loss that was deducted pursuant to such section in determining  
22 eligibility for the federal credit.

23 (3) There shall be allowed to all individuals as a nonrefundable  
24 credit against the income tax imposed by the Nebraska Revenue Act of  
25 1967:

26 (a) A credit for personal exemptions allowed under section  
27 77-2716.01;

28 (b) A credit for contributions to certified community betterment  
29 programs as provided in the Community Development Assistance Act. Each  
30 partner, each shareholder of an electing subchapter S corporation, each  
31 beneficiary of an estate or trust, or each member of a limited liability

1 company shall report his or her share of the credit in the same manner  
2 and proportion as he or she reports the partnership, subchapter S  
3 corporation, estate, trust, or limited liability company income;

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

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

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

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

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

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

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

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

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

30 (5)(a) For all taxable years beginning on or after January 1, 2007,  
31 and before January 1, 2009, under the Internal Revenue Code of 1986, as

1 amended, there shall be allowed to each partner, shareholder, member, or  
2 beneficiary of a partnership, subchapter S corporation, limited liability  
3 company, or estate or trust a nonrefundable credit against the income tax  
4 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
5 partner's, shareholder's, member's, or beneficiary's portion of the  
6 amount of franchise tax paid to the state under sections 77-3801 to  
7 77-3807 by a financial institution.

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

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

22 (6) There shall be allowed to all individuals nonrefundable credits  
23 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
24 provided in section 77-3604 and refundable credits against the income tax  
25 imposed by the Nebraska Revenue Act of 1967 as provided in section  
26 77-3605.

27 Sec. 17. Section 77-27,132, Reissue Revised Statutes of Nebraska, is  
28 amended to read:

29 77-27,132 (1) There is hereby created a fund to be designated the  
30 Revenue Distribution Fund which shall be set apart and maintained by the  
31 Tax Commissioner. Revenue not required to be credited to the General Fund

1 or any other specified fund may be credited to the Revenue Distribution  
2 Fund. Credits and refunds of such revenue shall be paid from the Revenue  
3 Distribution Fund. The balance of the amount credited, after credits and  
4 refunds, shall be allocated as provided by the statutes creating such  
5 revenue.

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

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

18 (b) Credit to the Highway Trust Fund all of the proceeds of the  
19 sales and use taxes derived from the sale or lease for periods of more  
20 than thirty-one days of motor vehicles, trailers, and semitrailers,  
21 except that:

22 (i) Prior to July 1, 2019, the proceeds equal to any sales tax rate  
23 provided for in section 77-2701.02 that is in excess of five percent  
24 derived from the sale or lease for periods of more than thirty-one days  
25 of motor vehicles, trailers, and semitrailers shall be credited to the  
26 Highway Allocation Fund; and

27 (ii) On and after July 1, 2019, the proceeds equal to any sales tax  
28 rate provided for in section 77-2701.02 that is in excess of five and  
29 one-half percent derived from the sale or lease for periods of more than  
30 thirty-one days of motor vehicles, trailers, and semitrailers shall be  
31 credited to the Highway Allocation Fund;

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

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

12 (e) Credit to the Property Tax Credit Cash Fund an amount equal to  
13 the increase in state sales and use tax revenue received as a result of  
14 the increase in the sales and use tax rate in section 77-2701.02 from  
15 five and one-half percent to six percent. The amount to be credited under  
16 this subdivision shall be determined monthly by the Tax Commissioner.

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

19 Sec. 18. Section 77-3442, Reissue Revised Statutes of Nebraska, is  
20 amended to read:

21 77-3442 (1) Property tax levies for the support of local governments  
22 for fiscal years beginning on or after July 1, 1998, shall be limited to  
23 the amounts set forth in this section except as provided in section  
24 77-3444.

25 (2)(a) Except as provided in subdivisions (2)(b), ~~and~~ (2)(e), and  
26 (2)(h) of this section;

27 (i) For fiscal years prior to fiscal year 2019-20, school districts  
28 and multiple-district school systems may levy a maximum levy of one  
29 dollar and five cents per one hundred dollars of taxable valuation of  
30 property subject to the levy; and -

31 (ii) For school fiscal year 2019-20 and each school fiscal year

1 thereafter, school districts and multiple-district school systems may  
2 levy a maximum levy equal to six cents per one hundred dollars of taxable  
3 valuation of property subject to the levy plus a levy rate which, when  
4 applied to taxable valuation of property subject to the levy, generates  
5 an amount equal to the local formula contribution for such fiscal year  
6 calculated pursuant to section 79-1015.01.

7 (b) For each fiscal year prior to fiscal year 2017-18, learning  
8 communities may levy a maximum levy for the general fund budgets of  
9 member school districts of ninety-five cents per one hundred dollars of  
10 taxable valuation of property subject to the levy. The proceeds from the  
11 levy pursuant to this subdivision shall be distributed pursuant to  
12 section 79-1073.

13 (c) Except as provided in subdivision (2)(e) of this section, for  
14 each fiscal year prior to fiscal year 2017-18, school districts that are  
15 members of learning communities may levy for purposes of such districts'  
16 general fund budget and special building funds a maximum combined levy of  
17 the difference of one dollar and five cents on each one hundred dollars  
18 of taxable property subject to the levy minus the learning community levy  
19 pursuant to subdivision (2)(b) of this section for such learning  
20 community.

21 (d) Excluded from the limitations in subdivisions (2)(a) and (2)(c)  
22 of this section are (i) amounts levied to pay for current and future sums  
23 agreed to be paid by a school district to certificated employees in  
24 exchange for a voluntary termination of employment occurring prior to  
25 September 1, 2017, (ii) amounts levied by a school district otherwise at  
26 the maximum levy pursuant to subdivision (2)(a) of this section to pay  
27 for current and future qualified voluntary termination incentives for  
28 certificated teachers pursuant to subsection (3) of section 79-8,142 that  
29 are not otherwise included in an exclusion pursuant to subdivision (2)(d)  
30 of this section, (iii) amounts levied by a school district otherwise at  
31 the maximum levy pursuant to subdivision (2)(a) of this section to pay

1 for seventy-five percent of the current and future sums agreed to be paid  
2 to certificated employees in exchange for a voluntary termination of  
3 employment occurring between September 1, 2017, and August 31, 2018, as a  
4 result of a collective-bargaining agreement in force and effect on  
5 September 1, 2017, that are not otherwise included in an exclusion  
6 pursuant to subdivision (2)(d) of this section, (iv) amounts levied by a  
7 school district otherwise at the maximum levy pursuant to subdivision (2)  
8 (a) of this section to pay for fifty percent of the current and future  
9 sums agreed to be paid to certificated employees in exchange for a  
10 voluntary termination of employment occurring between September 1, 2018,  
11 and August 31, 2019, as a result of a collective-bargaining agreement in  
12 force and effect on September 1, 2017, that are not otherwise included in  
13 an exclusion pursuant to subdivision (2)(d) of this section, (v) amounts  
14 levied by a school district otherwise at the maximum levy pursuant to  
15 subdivision (2)(a) of this section to pay for twenty-five percent of the  
16 current and future sums agreed to be paid to certificated employees in  
17 exchange for a voluntary termination of employment occurring between  
18 September 1, 2019, and August 31, 2020, as a result of a collective-  
19 bargaining agreement in force and effect on September 1, 2017, that are  
20 not otherwise included in an exclusion pursuant to subdivision (2)(d) of  
21 this section, (vi) amounts levied in compliance with sections 79-10,110  
22 and 79-10,110.02, and (vii) amounts levied to pay for special building  
23 funds and sinking funds established for projects commenced prior to the  
24 operative date of this section April 1, 1996, for construction,  
25 expansion, or alteration of school district buildings up to the amount  
26 that would be generated by a levy rate equal to the levy rate for such  
27 project for the 2018-19 fiscal year. For purposes of this subsection,  
28 commenced means any action taken by the school board on the record which  
29 commits the board to expend district funds in planning, constructing, or  
30 carrying out the project.

31 (e) Federal aid school districts may exceed the maximum levy

1 prescribed by subdivision (2)(a) or (2)(c) of this section only to the  
2 extent necessary to qualify to receive federal aid pursuant to 20 U.S.C.  
3 7701 et seq., as such sections existed on January 1, 2019 Title VIII of  
4 ~~Public Law 103-382, as such title existed on September 1, 2001.~~ For  
5 purposes of this subdivision, federal aid school district means any  
6 school district which receives ten percent or more of the revenue for its  
7 general fund budget from federal government sources pursuant to 20 U.S.C.  
8 7701 et seq., as such sections existed on January 1, 2019 Title VIII of  
9 ~~Public Law 103-382, as such title existed on September 1, 2001.~~

10 (f) For each fiscal year, learning communities may levy a maximum  
11 levy of one-half cent on each one hundred dollars of taxable property  
12 subject to the levy for elementary learning center facility leases, for  
13 remodeling of leased elementary learning center facilities, and for up to  
14 fifty percent of the estimated cost for focus school or program capital  
15 projects approved by the learning community coordinating council pursuant  
16 to section 79-2111.

17 (g) For each fiscal year, learning communities may levy a maximum  
18 levy of one and one-half cents on each one hundred dollars of taxable  
19 property subject to the levy for early childhood education programs for  
20 children in poverty, for elementary learning center employees, for  
21 contracts with other entities or individuals who are not employees of the  
22 learning community for elementary learning center programs and services,  
23 and for pilot projects, except that no more than ten percent of such levy  
24 may be used for elementary learning center employees.

25 (h) For each fiscal year, a Class V school district may, in addition  
26 to any other levies authorized pursuant to this section, levy a maximum  
27 of six cents per one hundred dollars of taxable valuation of property  
28 subject to the levy to assist in meeting the contribution obligation  
29 pursuant to subdivision (1)(d)(ii) of section 79-9,113 of such school  
30 district to a retirement system of such school district established under  
31 the Class V School Employees Retirement Act. All proceeds received by a



1 school district from any levy authorized pursuant to this subdivision  
2 shall be transferred by the school district on a monthly basis to such  
3 retirement system. Such proceeds shall only be used to assist in meeting  
4 the contribution obligation and shall not be used for any other purpose.  
5 No levy shall be authorized pursuant to this subdivision if the funded  
6 ratio of the actuarial value of assets and the funded ratio of the market  
7 value of assets for such retirement plan are both equal to or greater  
8 than eighty percent for three consecutive plan years after the operative  
9 date of this section as reported in the retirement system's annual  
10 valuation report prepared by the actuary retained by the board of  
11 trustees of such retirement system as provided in section 79-984.

12 (3) For each fiscal year, community college areas may levy the  
13 levies provided in subdivisions (2)(a) through (c) of section 85-1517, in  
14 accordance with the provisions of such subdivisions. A community college  
15 area may exceed the levy provided in subdivision (2)(b) of section  
16 85-1517 by the amount necessary to retire general obligation bonds  
17 assumed by the community college area or issued pursuant to section  
18 85-1515 according to the terms of such bonds or for any obligation  
19 pursuant to section 85-1535 entered into prior to January 1, 1997.

20 (4)(a) Natural resources districts may levy a maximum levy of four  
21 and one-half cents per one hundred dollars of taxable valuation of  
22 property subject to the levy.

23 (b) Natural resources districts shall also have the power and  
24 authority to levy a tax equal to the dollar amount by which their  
25 restricted funds budgeted to administer and implement ground water  
26 management activities and integrated management activities under the  
27 Nebraska Ground Water Management and Protection Act exceed their  
28 restricted funds budgeted to administer and implement ground water  
29 management activities and integrated management activities for FY2003-04,  
30 not to exceed one cent on each one hundred dollars of taxable valuation  
31 annually on all of the taxable property within the district.

1 (c) In addition, natural resources districts located in a river  
2 basin, subbasin, or reach that has been determined to be fully  
3 appropriated pursuant to section 46-714 or designated as overappropriated  
4 pursuant to section 46-713 by the Department of Natural Resources shall  
5 also have the power and authority to levy a tax equal to the dollar  
6 amount by which their restricted funds budgeted to administer and  
7 implement ground water management activities and integrated management  
8 activities under the Nebraska Ground Water Management and Protection Act  
9 exceed their restricted funds budgeted to administer and implement ground  
10 water management activities and integrated management activities for  
11 FY2005-06, not to exceed three cents on each one hundred dollars of  
12 taxable valuation on all of the taxable property within the district for  
13 fiscal year 2006-07 and each fiscal year thereafter through fiscal year  
14 2017-18.

15 (5) Any educational service unit authorized to levy a property tax  
16 pursuant to section 79-1225 may levy a maximum levy of one and one-half  
17 cents per one hundred dollars of taxable valuation of property subject to  
18 the levy.

19 (6)(a) Incorporated cities and villages which are not within the  
20 boundaries of a municipal county may levy a maximum levy of forty-five  
21 cents per one hundred dollars of taxable valuation of property subject to  
22 the levy plus an additional five cents per one hundred dollars of taxable  
23 valuation to provide financing for the municipality's share of revenue  
24 required under an agreement or agreements executed pursuant to the  
25 Interlocal Cooperation Act or the Joint Public Agency Act. The maximum  
26 levy shall include amounts levied to pay for sums to support a library  
27 pursuant to section 51-201, museum pursuant to section 51-501, visiting  
28 community nurse, home health nurse, or home health agency pursuant to  
29 section 71-1637, or statue, memorial, or monument pursuant to section  
30 80-202.

31 (b) Incorporated cities and villages which are within the boundaries

1 of a municipal county may levy a maximum levy of ninety cents per one  
2 hundred dollars of taxable valuation of property subject to the levy. The  
3 maximum levy shall include amounts paid to a municipal county for county  
4 services, amounts levied to pay for sums to support a library pursuant to  
5 section 51-201, a museum pursuant to section 51-501, a visiting community  
6 nurse, home health nurse, or home health agency pursuant to section  
7 71-1637, or a statue, memorial, or monument pursuant to section 80-202.

8 (7) Sanitary and improvement districts which have been in existence  
9 for more than five years may levy a maximum levy of forty cents per one  
10 hundred dollars of taxable valuation of property subject to the levy, and  
11 sanitary and improvement districts which have been in existence for five  
12 years or less shall not have a maximum levy. Unconsolidated sanitary and  
13 improvement districts which have been in existence for more than five  
14 years and are located in a municipal county may levy a maximum of eighty-  
15 five cents per hundred dollars of taxable valuation of property subject  
16 to the levy.

17 (8) Counties may levy or authorize a maximum levy of fifty cents per  
18 one hundred dollars of taxable valuation of property subject to the levy,  
19 except that five cents per one hundred dollars of taxable valuation of  
20 property subject to the levy may only be levied to provide financing for  
21 the county's share of revenue required under an agreement or agreements  
22 executed pursuant to the Interlocal Cooperation Act or the Joint Public  
23 Agency Act. The maximum levy shall include amounts levied to pay for sums  
24 to support a library pursuant to section 51-201 or museum pursuant to  
25 section 51-501. The county may allocate up to fifteen cents of its  
26 authority to other political subdivisions subject to allocation of  
27 property tax authority under subsection (1) of section 77-3443 and not  
28 specifically covered in this section to levy taxes as authorized by law  
29 which do not collectively exceed fifteen cents per one hundred dollars of  
30 taxable valuation on any parcel or item of taxable property. The county  
31 may allocate to one or more other political subdivisions subject to

1 allocation of property tax authority by the county under subsection (1)  
2 of section 77-3443 some or all of the county's five cents per one hundred  
3 dollars of valuation authorized for support of an agreement or agreements  
4 to be levied by the political subdivision for the purpose of supporting  
5 that political subdivision's share of revenue required under an agreement  
6 or agreements executed pursuant to the Interlocal Cooperation Act or the  
7 Joint Public Agency Act. If an allocation by a county would cause another  
8 county to exceed its levy authority under this section, the second county  
9 may exceed the levy authority in order to levy the amount allocated.

10 (9) Municipal counties may levy or authorize a maximum levy of one  
11 dollar per one hundred dollars of taxable valuation of property subject  
12 to the levy. The municipal county may allocate levy authority to any  
13 political subdivision or entity subject to allocation under section  
14 77-3443.

15 (10) Beginning July 1, 2016, rural and suburban fire protection  
16 districts may levy a maximum levy of ten and one-half cents per one  
17 hundred dollars of taxable valuation of property subject to the levy if  
18 (a) such district is located in a county that had a levy pursuant to  
19 subsection (8) of this section in the previous year of at least forty  
20 cents per one hundred dollars of taxable valuation of property subject to  
21 the levy or (b) for any rural or suburban fire protection district that  
22 had a levy request pursuant to section 77-3443 in the previous year, the  
23 county board of the county in which the greatest portion of the valuation  
24 of such district is located did not authorize any levy authority to such  
25 district in the previous year.

26 (11) Property tax levies (a) for judgments, except judgments or  
27 orders from the Commission of Industrial Relations, obtained against a  
28 political subdivision which require or obligate a political subdivision  
29 to pay such judgment, to the extent such judgment is not paid by  
30 liability insurance coverage of a political subdivision, (b) for  
31 preexisting lease-purchase contracts approved prior to July 1, 1998, (c)

1 for bonds as defined in section 10-134 approved according to law and  
2 secured by a levy on property except as provided in section 44-4317 for  
3 bonded indebtedness issued by educational service units and school  
4 districts, and (d) for payments by a public airport to retire interest-  
5 free loans from the Division of Aeronautics of the Department of  
6 Transportation in lieu of bonded indebtedness at a lower cost to the  
7 public airport are not included in the levy limits established by this  
8 section.

9 (12) The limitations on tax levies provided in this section are to  
10 include all other general or special levies provided by law.  
11 Notwithstanding other provisions of law, the only exceptions to the  
12 limits in this section are those provided by or authorized by sections  
13 77-3442 to 77-3444.

14 (13) Tax levies in excess of the limitations in this section shall  
15 be considered unauthorized levies under section 77-1606 unless approved  
16 under section 77-3444.

17 (14) For purposes of sections 77-3442 to 77-3444, political  
18 subdivision means a political subdivision of this state and a county  
19 agricultural society.

20 (15) For school districts that file a binding resolution on or  
21 before May 9, 2008, with the county assessors, county clerks, and county  
22 treasurers for all counties in which the school district has territory  
23 pursuant to subsection (7) of section 79-458, if the combined levies,  
24 except levies for bonded indebtedness approved by the voters of the  
25 school district and levies for the refinancing of such bonded  
26 indebtedness, are in excess of the greater of (a) one dollar and twenty  
27 cents per one hundred dollars of taxable valuation of property subject to  
28 the levy or (b) the maximum levy authorized by a vote pursuant to section  
29 77-3444, all school district levies, except levies for bonded  
30 indebtedness approved by the voters of the school district and levies for  
31 the refinancing of such bonded indebtedness, shall be considered

1 unauthorized levies under section 77-1606.

2 Sec. 19. Section 77-3446, Reissue Revised Statutes of Nebraska, is  
3 amended to read:

4 77-3446 Base limitation means the budget limitation rate applicable  
5 to school districts and the limitation on growth of restricted funds  
6 applicable to other political subdivisions prior to any increases in the  
7 rate as a result of special actions taken by a supermajority of any  
8 governing board or of any exception allowed by law. The base limitation  
9 is two and one-half percent until adjusted, except that the base  
10 limitation for school districts for school fiscal years 2017-18 and  
11 2018-19 is one and one-half percent and the base limitation for school  
12 districts for school fiscal year 2019-20 and each school fiscal year  
13 thereafter is the inflation rate for such school fiscal year as certified  
14 by the Tax Commissioner pursuant to section 36 of this act, including any  
15 adjustment pursuant to subsection (3) or (4) of such section. The base  
16 limitation may be adjusted annually by the Legislature to reflect changes  
17 in the prices of services and products used by school districts and  
18 political subdivisions.

19 Sec. 20. Section 77-4209, Reissue Revised Statutes of Nebraska, is  
20 amended to read:

21 77-4209 Sections 77-4209 to 77-4212 and sections 22 and 23 of this  
22 act shall be known and may be cited as the Property Tax Credit Act.

23 Sec. 21. Section 77-4210, Reissue Revised Statutes of Nebraska, is  
24 amended to read:

25 77-4210 The purpose of the Property Tax Credit Act is to provide  
26 property tax relief for property taxes levied against real property. The  
27 property tax relief will be made to owners of real property in the form  
28 of additional funding for the Tax Equity and Educational Opportunities  
29 Support Act and may also be made in the form of a property tax credit.

30 Sec. 22. (1) On or before July 19, 2019, and on or before January  
31 30 of each year thereafter, the Department of Revenue shall determine the

1 minimum amount necessary to be appropriated to the Property Tax Credit  
2 Cash Fund to carry out the requirements of the Property Tax Credit Act  
3 for the ensuing fiscal year and shall certify the amounts to the  
4 Governor, the Appropriations Committee of the Legislature, the Revenue  
5 Committee of the Legislature, and the Education Committee of the  
6 Legislature. Each certification submitted to the committees of the  
7 Legislature shall be submitted electronically.

8 (2) The amount certified pursuant to subsection (1) of this section  
9 as the minimum amount necessary to be appropriated to the Property Tax  
10 Credit Cash Fund shall equal the sum of the amounts certified to the  
11 Department of Revenue by the State Department of Education to be  
12 transferred to the Tax Equity and Educational Opportunities Fund pursuant  
13 to section 23 of this act and one hundred fifteen million dollars.

14 (3) The Appropriations Committee of the Legislature shall annually  
15 include at least the minimum amount necessary to be appropriated to the  
16 Property Tax Credit Cash Fund as certified pursuant to subsection (1) of  
17 this section in its recommendations to the Legislature to carry out the  
18 requirements of the Property Tax Credit Act.

19 (4) It is the intent of the Legislature to increase the  
20 appropriation to the Property Tax Credit Cash Fund by (a) the thirty-  
21 eight million dollar difference between early estimates and the amount  
22 that would have been required to fund state aid to schools for the  
23 2019-20 school fiscal year prior to the operative date of this section  
24 and (b) the thirty-four million dollar decrease in requirements for  
25 Medicaid appropriations due to a change in the federal match rate.

26 Sec. 23. (1) On or before July 15, 2019, and on or before January  
27 15 of each tax year thereafter, the State Department of Education shall  
28 certify to the State Treasurer and the Department of Revenue an estimate  
29 of the statewide increase in state aid to be paid to local systems as  
30 defined in section 79-1003 pursuant to the Tax Equity and Educational  
31 Opportunities Support Act for the immediately following school fiscal

1 year resulting from (a) changes to the method for calculating the local  
2 formula contribution for each local system pursuant to section 79-1015.01  
3 between the 2018-19 school fiscal year and the school fiscal year for  
4 which such certification is being made and (b) the inclusion of  
5 foundation aid pursuant to section 31 of this act in the calculation of  
6 state aid.

7 (2) For fiscal year 2019-20 and each fiscal year thereafter, the  
8 State Treasurer shall transfer an amount equal to the statewide increase  
9 in state aid certified pursuant to subsection (1) of this section from  
10 the Property Tax Credit Cash Fund to the Tax Equity and Educational  
11 Opportunities Fund to pay such increase in state aid to local systems.

12 Sec. 24. Section 77-4212, Reissue Revised Statutes of Nebraska, is  
13 amended to read:

14 ~~77-4212 (1) For tax year 2007, the amount of relief granted under~~  
15 ~~the Property Tax Credit Act shall be one hundred five million dollars.~~  
16 ~~For tax year 2008, the amount of relief granted under the act shall be~~  
17 ~~one hundred fifteen million dollars. It is the intent of the Legislature~~  
18 ~~to fund the Property Tax Credit Act for tax years after tax year 2008~~  
19 ~~using available revenue. For tax years year 2017 through 2018, the amount~~  
20 ~~of relief granted under the act shall be two hundred twenty-four million~~  
21 ~~dollars. For tax year 2019 and each tax year thereafter, the amount of~~  
22 relief granted through property tax credits under this section shall be  
23 no less than one hundred fifteen million dollars after transferring funds  
24 to the Tax Equity and Educational Opportunities Fund pursuant to section  
25 23 of this act. The relief pursuant to this section shall be in the form  
26 of a property tax credit which appears on the property tax statement.

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



1 property tax credit for the property.

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

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

24 (4)(a) For tax years prior to tax year 2017, the amount disbursed to  
25 each county shall be equal to the amount available for disbursement  
26 determined under subsection (1) of this section multiplied by the ratio  
27 of the real property valuation in the county to the real property  
28 valuation in the state. By September 15, the Property Tax Administrator  
29 shall determine the amount to be disbursed under this subdivision to each  
30 county and certify such amounts to the State Treasurer and to each  
31 county. The disbursements to the counties shall occur in two equal

1 payments, the first on or before January 31 and the second on or before  
2 April 1. After retaining one percent of the receipts for costs, the  
3 county treasurer shall allocate the remaining receipts to each taxing  
4 unit levying taxes on taxable property in the tax district in which the  
5 real property is located in the same proportion that the levy of such  
6 taxing unit bears to the total levy on taxable property of all the taxing  
7 units in the tax district in which the real property is located.

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

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

28 ~~(6) The State Treasurer shall transfer from the General Fund to the~~  
29 ~~Property Tax Credit Cash Fund one hundred five million dollars by August~~  
30 ~~1, 2007, and one hundred fifteen million dollars by August 1, 2008.~~

31 ~~(7) The Legislature shall have the power to transfer funds from the~~

1 ~~Property Tax Credit Cash Fund to the General Fund.~~

2       Sec. 25. Section 79-978.01, Revised Statutes Cumulative Supplement,  
3 2018, is amended to read:

4       79-978.01 Sections 79-978 to 79-9,118 and section 26 of this act  
5 shall be known and may be cited as the Class V School Employees  
6 Retirement Act.

7       Sec. 26. On or before December 31, 2019, and on or before each  
8 December 31 thereafter, the board of education shall provide written  
9 notice to the board of trustees of the rate of any levy the board of  
10 education levied for the current tax year pursuant to subdivision (2)(h)  
11 of section 77-3442 and an estimate of the proceeds from any such levy  
12 that will be transferred to the system by the school district pursuant to  
13 subdivision (1)(d) of section 79-9,113. The board of trustees shall  
14 provide such information to the actuary for preparation of the annual  
15 valuation report.

16       Sec. 27. Section 79-9,113, Revised Statutes Cumulative Supplement,  
17 2018, is amended to read:

18       79-9,113 (1)(a) If, at any future time, a majority of the eligible  
19 members of the retirement system votes to be included under an agreement  
20 providing old age and survivors insurance under the Social Security Act  
21 of the United States, the contributions to be made by the member and the  
22 school district for membership service, from and after the effective date  
23 of the agreement with respect to services performed subsequent to  
24 December 31, 1954, shall each be reduced from five to three percent but  
25 not less than three percent of the member's salary per annum, and the  
26 credits for membership service under this system, as provided in section  
27 79-999, shall thereafter be reduced from one and one-half percent to  
28 nine-tenths of one percent and not less than nine-tenths of one percent  
29 of salary or wage earned by the member during each fiscal year, and from  
30 one and sixty-five hundredths percent to one percent and not less than  
31 one percent of salary or wage earned by the member during each fiscal

1 year and from two percent to one and two-tenths percent of salary or wage  
2 earned by the member during each fiscal year, and from two and four-  
3 tenths percent to one and forty-four hundredths percent of salary or wage  
4 earned by the member during each fiscal year, except that after September  
5 1, 1963, and prior to September 1, 1969, all employees of the school  
6 district shall contribute an amount equal to the membership contribution  
7 which shall be two and three-fourths percent of salary covered by old age  
8 and survivors insurance, and five percent above that amount. Commencing  
9 September 1, 1969, all employees of the school district shall contribute  
10 an amount equal to the membership contribution which shall be two and  
11 three-fourths percent of the first seven thousand eight hundred dollars  
12 of salary or wages earned each fiscal year and five percent of salary or  
13 wages earned above that amount in the same fiscal year. Commencing  
14 September 1, 1976, all employees of the school district shall contribute  
15 an amount equal to the membership contribution which shall be two and  
16 nine-tenths percent of the first seven thousand eight hundred dollars of  
17 salary or wages earned each fiscal year and five and twenty-five  
18 hundredths percent of salary or wages earned above that amount in the  
19 same fiscal year. Commencing on September 1, 1982, all employees of the  
20 school district shall contribute an amount equal to the membership  
21 contribution which shall be four and nine-tenths percent of the  
22 compensation earned in each fiscal year. Commencing September 1, 1989,  
23 all employees of the school district shall contribute an amount equal to  
24 the membership contribution which shall be five and eight-tenths percent  
25 of the compensation earned in each fiscal year. Commencing September 1,  
26 1995, all employees of the school district shall contribute an amount  
27 equal to the membership contribution which shall be six and three-tenths  
28 percent of the compensation earned in each fiscal year. Commencing  
29 September 1, 2007, all employees of the school district shall contribute  
30 an amount equal to the membership contribution which shall be seven and  
31 three-tenths percent of the compensation paid in each fiscal year.

1 Commencing September 1, 2009, all employees of the school district shall  
2 contribute an amount equal to the membership contribution which shall be  
3 eight and three-tenths percent of the compensation paid in each fiscal  
4 year. Commencing September 1, 2011, all employees of the school district  
5 shall contribute an amount equal to the membership contribution which  
6 shall be nine and three-tenths percent of the compensation paid in each  
7 fiscal year. Commencing September 1, 2013, all employees of the school  
8 district shall contribute an amount equal to the membership contribution  
9 which shall be nine and seventy-eight hundredths percent of the  
10 compensation paid in each fiscal year.

11 (b) The contributions by the school district in any fiscal year  
12 beginning on or after September 1, 1999, shall be the greater of (i) one  
13 hundred percent of the contributions by the employees for such fiscal  
14 year or (ii) such amount as may be necessary to maintain the solvency of  
15 the system, as determined annually by the board of education upon  
16 recommendation of the actuary and the board of trustees.

17 (c) The contributions by the school district in any fiscal year  
18 beginning on or after September 1, 2007, and prior to September 1, 2018,  
19 shall be the greater of (i) one hundred one percent of the contributions  
20 by the employees for such fiscal year or (ii) such amount as may be  
21 necessary to maintain the solvency of the system, as determined annually  
22 by the board of education upon recommendation of the actuary retained by  
23 the board of trustees and after considering any amounts that will be, or  
24 are expected to be, transferred to the system pursuant to subdivision (1)  
25 (b) of section 79-966. The amount necessary to maintain the solvency of  
26 the system as determined in subdivision (ii) of this subdivision (c)  
27 shall be transmitted by the school district to the account of the  
28 retirement system no later than August 31, 2018. The school district  
29 contributions specified in subdivision (i) of this subdivision (c) shall  
30 be made monthly and shall be immediately transmitted to the account of  
31 the retirement system.

1 (d) The contributions by the school district in any fiscal year  
2 beginning on or after September 1, 2018, and each September 1 thereafter,  
3 shall be the greater of (i) one hundred one percent of the contributions  
4 by the employees for such fiscal year or (ii) such amount as may be  
5 necessary to maintain the solvency of the system, as determined annually  
6 by the board of education upon recommendation of the actuary retained by  
7 the board of trustees and after considering any amounts that will be, or  
8 are expected to be, transferred to the system pursuant to subdivision (1)  
9 (b) of section 79-966 and any amounts that are transferred to the system  
10 from the proceeds of a levy established by a Class V school district  
11 pursuant to subdivision (2)(h) of section 77-3442. The amount necessary  
12 to maintain the solvency of the system as determined in subdivision (ii)  
13 of this subdivision (d) shall be transmitted by the school district to  
14 the account of the retirement system no later than August 31, 2019, and  
15 each August 31 thereafter, except any amounts transferred from the  
16 proceeds of a levy established pursuant to subdivision (2)(h) of section  
17 77-3442 shall be transmitted monthly as received by the school district.  
18 The school district contributions specified in subdivision (i) of this  
19 subdivision (d) shall be made monthly and shall be immediately  
20 transmitted to the account of the retirement system.

21 (e) Nothing in this section prohibits the school district from  
22 making other contributions in addition to the contributions required  
23 pursuant to this section.

24 (f) The employee's contribution shall be made in the form of a  
25 monthly deduction from compensation as provided in subsection (2) of this  
26 section and shall be immediately transmitted to the account of the  
27 retirement system. Every employee who is a member of the system shall be  
28 deemed to consent and agree to such deductions and shall receipt in full  
29 for compensation, and payment to such employee of compensation less such  
30 deduction shall constitute a full and complete discharge of all claims  
31 and demands whatsoever for services rendered by such employee during the

1 period covered by such payment except as to benefits provided under the  
2 Class V School Employees Retirement Act.

3 (g) After September 1, 1963, and prior to September 1, 1969, all  
4 employees shall be credited with a membership service annuity which shall  
5 be nine-tenths of one percent of salary or wage covered by old age and  
6 survivors insurance and one and one-half percent of salary or wages above  
7 that amount, except that those employees who retire on or after August  
8 31, 1969, shall be credited with a membership service annuity which shall  
9 be one percent of salary or wages covered by old age and survivors  
10 insurance and one and sixty-five hundredths percent of salary or wages  
11 above that amount for service performed after September 1, 1963, and  
12 prior to September 1, 1969. Commencing September 1, 1969, all employees  
13 shall be credited with a membership service annuity which shall be one  
14 percent of the first seven thousand eight hundred dollars of salary or  
15 wages earned by the employee during each fiscal year and one and sixty-  
16 five hundredths percent of salary or wages earned above that amount in  
17 the same fiscal year, except that all employees retiring on or after  
18 August 31, 1976, shall be credited with a membership service annuity  
19 which shall be one and forty-four hundredths percent of the first seven  
20 thousand eight hundred dollars of salary or wages earned by the employee  
21 during such fiscal year and two and four-tenths percent of salary or  
22 wages earned above that amount in the same fiscal year, and the  
23 retirement annuities of employees who have not retired prior to September  
24 1, 1963, and who elected under the provisions of section 79-988 as such  
25 section existed immediately prior to February 20, 1982, not to become  
26 members of the system shall not be less than they would have been had  
27 they remained under any preexisting system to date of retirement.

28 (h) Members of this system having the service qualifications of  
29 members of the School Employees Retirement System of the State of  
30 Nebraska, as provided by section 79-926, who are members of the  
31 retirement system established pursuant to the Class V School Employees

1 Retirement Act prior to July 1, 2016, shall receive the state service  
2 annuity provided by sections 79-933 to 79-935 and 79-951.

3 (2) The school district shall pick up the employee contributions  
4 required by this section for all compensation paid on or after January 1,  
5 1985, and the contributions so picked up shall be treated as employer  
6 contributions in determining federal tax treatment under the Internal  
7 Revenue Code, except that the school district shall continue to withhold  
8 federal income taxes based upon these contributions until the Internal  
9 Revenue Service or the federal courts rule that, pursuant to section  
10 414(h) of the Internal Revenue Code, these contributions shall not be  
11 included as gross income of the employee until such time as they are  
12 distributed or made available. The school district shall pay these  
13 employee contributions from the same source of funds which is used in  
14 paying earnings to the employee. The school district shall pick up these  
15 contributions by a salary deduction either through a reduction in the  
16 cash salary of the employee or a combination of a reduction in salary and  
17 offset against a future salary increase. Beginning September 1, 1995, the  
18 school district shall also pick up any contributions required by sections  
19 79-990, 79-991, and 79-992 which are made under an irrevocable payroll  
20 deduction authorization between the member and the school district, and  
21 the contributions so picked up shall be treated as employer contributions  
22 in determining federal tax treatment under the Internal Revenue Code,  
23 except that the school district shall continue to withhold federal and  
24 state income taxes based upon these contributions until the Internal  
25 Revenue Service rules that, pursuant to section 414(h) of the Internal  
26 Revenue Code, these contributions shall not be included as gross income  
27 of the employee until such time as they are distributed from the system.  
28 Employee contributions picked up shall be treated for all purposes of the  
29 Class V School Employees Retirement Act in the same manner and to the  
30 extent as employee contributions made prior to the date picked up.

31 Sec. 28. Section 79-1001, Revised Statutes Cumulative Supplement,



1 2018, is amended to read:

2 79-1001 Sections 79-1001 to 79-1033 and sections 31 and 36 of this  
3 act shall be known and may be cited as the Tax Equity and Educational  
4 Opportunities Support Act.

5 Sec. 29. Section 79-1003, Revised Statutes Cumulative Supplement,  
6 2018, is amended to read:

7 79-1003 For purposes of the Tax Equity and Educational Opportunities  
8 Support Act:

9 (1) Adjusted general fund operating expenditures means (a) for  
10 school fiscal years 2013-14 through 2015-16, the difference of the  
11 general fund operating expenditures as calculated pursuant to subdivision  
12 (24) ~~(23)~~ of this section increased by the cost growth factor calculated  
13 pursuant to section 79-1007.10, minus the transportation allowance,  
14 special receipts allowance, poverty allowance, limited English  
15 proficiency allowance, distance education and telecommunications  
16 allowance, elementary site allowance, summer school allowance,  
17 instructional time allowance, teacher education allowance, and focus  
18 school and program allowance, (b) for school fiscal years 2016-17 through  
19 2018-19, the difference of the general fund operating expenditures as  
20 calculated pursuant to subdivision (24) ~~(23)~~ of this section increased by  
21 the cost growth factor calculated pursuant to section 79-1007.10, minus  
22 the transportation allowance, special receipts allowance, poverty  
23 allowance, limited English proficiency allowance, distance education and  
24 telecommunications allowance, elementary site allowance, summer school  
25 allowance, and focus school and program allowance, and (c) for school  
26 fiscal year 2019-20 and each school fiscal year thereafter, the  
27 difference of the general fund operating expenditures as calculated  
28 pursuant to subdivision (24) ~~(23)~~ of this section increased by the cost  
29 growth factor calculated pursuant to section 79-1007.10, minus the  
30 transportation allowance, special receipts allowance, poverty allowance,  
31 limited English proficiency allowance, distance education and

1 telecommunications allowance, elementary site allowance, summer school  
2 allowance, community achievement plan allowance, and focus school and  
3 program allowance;

4 (2) Adjusted valuation means the assessed valuation of taxable  
5 property of each local system in the state, adjusted pursuant to the  
6 adjustment factors described in section 79-1016. Adjusted valuation means  
7 the adjusted valuation for the property tax year ending during the school  
8 fiscal year immediately preceding the school fiscal year in which the aid  
9 based upon that value is to be paid. For purposes of determining the  
10 local formula contribution ~~effort rate yield~~ pursuant to section  
11 79-1015.01, adjusted valuation does not include the value of any property  
12 which a court, by a final judgment from which no appeal is taken, has  
13 declared to be nontaxable or exempt from taxation;

14 (3) Allocated income tax funds means the amount of assistance paid  
15 to a local system pursuant to section 79-1005.01 ~~as adjusted~~, for school  
16 fiscal years prior to school fiscal year 2019-20 ~~2017-18~~, ~~by the minimum~~  
17 ~~levy adjustment pursuant to section 79-1008.02~~;

18 (4) Average daily membership means the average daily membership for  
19 grades kindergarten through twelve attributable to the local system, as  
20 provided in each district's annual statistical summary, and includes the  
21 proportionate share of students enrolled in a public school instructional  
22 program on less than a full-time basis;

23 (5) Base fiscal year means the first school fiscal year following  
24 the school fiscal year in which the reorganization or unification  
25 occurred;

26 (6) Board means the school board of each school district;

27 (7) Categorical funds means funds limited to a specific purpose by  
28 federal or state law, including, but not limited to, Title I funds, Title  
29 VI funds, federal vocational education funds, federal school lunch funds,  
30 Indian education funds, Head Start funds, and funds from the Education  
31 Innovation Fund;

1 (8) Consolidate means to voluntarily reduce the number of school  
2 districts providing education to a grade group and does not include  
3 dissolution pursuant to section 79-498;

4 (9) Converted contract means an expired contract that was in effect  
5 for at least fifteen school years beginning prior to school year 2012-13  
6 for the education of students in a nonresident district in exchange for  
7 tuition from the resident district when the expiration of such contract  
8 results in the nonresident district educating students, who would have  
9 been covered by the contract if the contract were still in effect, as  
10 option students pursuant to the enrollment option program established in  
11 section 79-234;

12 (10) Converted contract option student means a student who will be  
13 an option student pursuant to the enrollment option program established  
14 in section 79-234 for the school fiscal year for which aid is being  
15 calculated and who would have been covered by a converted contract if the  
16 contract were still in effect and such school fiscal year is the first  
17 school fiscal year for which such contract is not in effect;

18 (11) Cost index means the Consumer Price Index for All Urban  
19 Consumers: U.S. city average, not seasonally adjusted, as prepared by the  
20 United States Department of Labor, Bureau of Labor Statistics, and  
21 released in October of each year;

22 (12) (11) Department means the State Department of Education;

23 (13) (12) District means any school district or unified system as  
24 defined in section 79-4,108;

25 (14) (13) Ensuing school fiscal year means the school fiscal year  
26 following the current school fiscal year;

27 (15) (14) Equalization aid means the amount of assistance calculated  
28 to be paid to a local system pursuant to sections 79-1007.11 to  
29 79-1007.23, 79-1007.25, 79-1008.01 to 79-1022, and 79-1022.02;

30 (16) (15) Fall membership means the total membership in kindergarten  
31 through grade twelve attributable to the local system as reported on the

1 fall school district membership reports for each district pursuant to  
2 section 79-528;

3 ~~(17)~~ ~~(16)~~ Fiscal year means the state fiscal year which is the  
4 period from July 1 to the following June 30;

5 ~~(18)~~ ~~(17)~~ Formula students means:

6 (a) For state aid certified pursuant to section 79-1022, the sum of  
7 the product of fall membership from the school fiscal year immediately  
8 preceding the school fiscal year in which the aid is to be paid  
9 multiplied by the average ratio of average daily membership to fall  
10 membership for the second school fiscal year immediately preceding the  
11 school fiscal year in which the aid is to be paid and the prior two  
12 school fiscal years plus sixty percent of the qualified early childhood  
13 education fall membership plus tuitioned students from the school fiscal  
14 year immediately preceding the school fiscal year in which aid is to be  
15 paid minus the product of the number of students enrolled in kindergarten  
16 that is not full-day kindergarten from the fall membership multiplied by  
17 0.5; and

18 (b) For the final calculation of state aid pursuant to section  
19 79-1065, the sum of average daily membership plus sixty percent of the  
20 qualified early childhood education average daily membership plus  
21 tuitioned students minus the product of the number of students enrolled  
22 in kindergarten that is not full-day kindergarten from the average daily  
23 membership multiplied by 0.5 from the school fiscal year immediately  
24 preceding the school fiscal year in which aid was paid;

25 ~~(19)~~ ~~(18)~~ Free lunch and free milk calculated students means, using  
26 the most recent data available on November 1 of the school fiscal year  
27 immediately preceding the school fiscal year in which aid is to be paid,

28 (a) for schools that did not provide free meals to all students pursuant  
29 to the community eligibility provision, students who individually  
30 qualified for free lunches or free milk pursuant to the federal Richard  
31 B. Russell National School Lunch Act, 42 U.S.C. 1751 et seq., and the

1 federal Child Nutrition Act of 1966, 42 U.S.C. 1771 et seq., as such acts  
2 and sections existed on January 1, 2015, and rules and regulations  
3 adopted thereunder, plus (b) for schools that provided free meals to all  
4 students pursuant to the community eligibility provision, (i) for school  
5 fiscal year 2016-17, the product of the students who attended such school  
6 multiplied by the identified student percentage calculated pursuant to  
7 such federal provision or (ii) for school fiscal year 2017-18 and each  
8 school fiscal year thereafter, the greater of the number of students in  
9 such school who individually qualified for free lunch or free milk using  
10 the most recent school fiscal year for which the school did not provide  
11 free meals to all students pursuant to the community eligibility  
12 provision or one hundred ten percent of the product of the students who  
13 qualified for free meals at such school pursuant to the community  
14 eligibility provision multiplied by the identified student percentage  
15 calculated pursuant to such federal provision, except that the free lunch  
16 and free milk students calculated for any school pursuant to subdivision  
17 ~~(19)(b)(ii)~~ ~~(18)(b)(ii)~~ of this section shall not exceed one hundred  
18 percent of the students qualified for free meals at such school pursuant  
19 to the community eligibility provision;

20 (20) ~~(19)~~ Free lunch and free milk student means, for school fiscal  
21 years prior to school fiscal year 2016-17, a student who qualified for  
22 free lunches or free milk from the most recent data available on November  
23 1 of the school fiscal year immediately preceding the school fiscal year  
24 in which aid is to be paid;

25 (21) ~~(20)~~ Full-day kindergarten means kindergarten offered by a  
26 district for at least one thousand thirty-two instructional hours;

27 (22) ~~(21)~~ General fund budget of expenditures means the total budget  
28 of disbursements and transfers for general fund purposes as certified in  
29 the budget statement adopted pursuant to the Nebraska Budget Act, except  
30 that for purposes of the limitation imposed in section 79-1023, the  
31 general fund budget of expenditures does not include any special grant

1 funds, exclusive of local matching funds, received by a district;

2 ~~(23)~~ (22) General fund expenditures means all expenditures from the  
3 general fund;

4 ~~(24)~~ (23) General fund operating expenditures means for state aid  
5 calculated for school fiscal years 2012-13 and each school fiscal year  
6 thereafter, as reported on the annual financial report for the second  
7 school fiscal year immediately preceding the school fiscal year in which  
8 aid is to be paid, the total general fund expenditures minus (a) the  
9 amount of all receipts to the general fund, to the extent that such  
10 receipts are not included in local system formula resources, from early  
11 childhood education tuition, summer school tuition, educational entities  
12 as defined in section 79-1201.01 for providing distance education courses  
13 through the Educational Service Unit Coordinating Council to such  
14 educational entities, private foundations, individuals, associations,  
15 charitable organizations, the textbook loan program authorized by section  
16 79-734, federal impact aid, and levy override elections pursuant to  
17 section 77-3444, (b) the amount of expenditures for categorical funds,  
18 tuition paid, transportation fees paid to other districts, adult  
19 education, community services, redemption of the principal portion of  
20 general fund debt service, retirement incentive plans authorized by  
21 section 79-855, and staff development assistance authorized by section  
22 79-856, (c) the amount of any transfers from the general fund to any bond  
23 fund and transfers from other funds into the general fund, (d) any legal  
24 expenses in excess of fifteen-hundredths of one percent of the formula  
25 need for the school fiscal year in which the expenses occurred, (e)(i)  
26 for state aid calculated for school fiscal years prior to school fiscal  
27 year 2018-19, expenditures to pay for sums agreed to be paid by a school  
28 district to certificated employees in exchange for a voluntary  
29 termination occurring prior to July 1, 2009, occurring on or after the  
30 last day of the 2010-11 school year and prior to the first day of the  
31 2013-14 school year, or, to the extent that a district has demonstrated

1 to the State Board of Education pursuant to section 79-1028.01 that the  
2 agreement will result in a net savings in salary and benefit costs to the  
3 school district over a five-year period, occurring on or after the first  
4 day of the 2013-14 school year or (ii) for state aid calculated for  
5 school fiscal year 2018-19 and each school fiscal year thereafter,  
6 expenditures to pay for incentives agreed to be paid by a school district  
7 to certificated employees in exchange for a voluntary termination of  
8 employment for which the State Board of Education approved an exclusion  
9 pursuant to subdivision (1)(h), (i), (j), or (k) of section 79-1028.01,  
10 (f)(i) expenditures to pay for employer contributions pursuant to  
11 subsection (2) of section 79-958 to the School Employees Retirement  
12 System of the State of Nebraska to the extent that such expenditures  
13 exceed the employer contributions under such subsection that would have  
14 been made at a contribution rate of seven and thirty-five hundredths  
15 percent or (ii) expenditures to pay for school district contributions  
16 pursuant to subdivision (1)(c)(i) or (1)(d)(i) of section 79-9,113 to the  
17 retirement system established pursuant to the Class V School Employees  
18 Retirement Act to the extent that such expenditures exceed the school  
19 district contributions under such subdivision that would have been made  
20 at a contribution rate of seven and thirty-seven hundredths percent, and  
21 (g) any amounts paid by the district for lobbyist fees and expenses  
22 reported to the Clerk of the Legislature pursuant to section 49-1483.

23 For purposes of this subdivision (24) ~~(23)~~ of this section, receipts  
24 from levy override elections shall equal ninety-nine percent of the  
25 difference of the total general fund levy minus the maximum levy  
26 permitted under subdivision (2)(a) of section 77-3442 for such local  
27 system a levy of one dollar and five cents per one hundred dollars of  
28 taxable valuation multiplied by the assessed valuation for school  
29 districts that have voted pursuant to section 77-3444 to override the  
30 maximum levy provided pursuant to section 77-3442;

31 (25) ~~(24)~~ Income tax liability means the amount of the reported

1 income tax liability for resident individuals pursuant to the Nebraska  
2 Revenue Act of 1967 less all nonrefundable credits earned and refunds  
3 made;

4 (26) (25) Income tax receipts means the amount of income tax  
5 collected pursuant to the Nebraska Revenue Act of 1967 less all  
6 nonrefundable credits earned and refunds made;

7 (27) Inflation rate means the inflation rate certified by the Tax  
8 Commissioner pursuant to section 36 of this act for each school fiscal  
9 year, including any adjustments pursuant to subsection (3) or (4) of such  
10 section;

11 (28) (26) Limited English proficiency students means the number of  
12 students with limited English proficiency in a district from the most  
13 recent data available on November 1 of the school fiscal year preceding  
14 the school fiscal year in which aid is to be paid plus the difference of  
15 such students with limited English proficiency minus the average number  
16 of limited English proficiency students for such district, prior to such  
17 addition, for the three immediately preceding school fiscal years if such  
18 difference is greater than zero;

19 (29) Local formula contribution means the amount included in formula  
20 resources pursuant to section 79-1015.01;

21 (30) Local formula contribution inflation rate means the local  
22 formula contribution inflation rate certified by the Tax Commissioner  
23 pursuant to section 36 of this act as determined pursuant to subsection  
24 (5) of such section for each school fiscal year;

25 (31) (27) Local system means a unified system or a school district;

26 (32) (28) Low-income child means (a) for school fiscal years prior  
27 to 2016-17, a child under nineteen years of age living in a household  
28 having an annual adjusted gross income for the second calendar year  
29 preceding the beginning of the school fiscal year for which aid is being  
30 calculated equal to or less than the maximum household income that would  
31 allow a student from a family of four people to be a free lunch and free



1 milk student during the school fiscal year immediately preceding the  
2 school fiscal year for which aid is being calculated and (b) for school  
3 fiscal year 2016-17 and each school fiscal year thereafter, a child under  
4 nineteen years of age living in a household having an annual adjusted  
5 gross income for the second calendar year preceding the beginning of the  
6 school fiscal year for which aid is being calculated equal to or less  
7 than the maximum household income pursuant to sections 9(b)(1) and 17(c)  
8 (4) of the Richard B. Russell National School Lunch Act, 42 U.S.C.  
9 1758(b)(1) and 42 U.S.C. 1766(c)(4), respectively, and sections 3(a)(6)  
10 and 4(e)(1)(A) of the Child Nutrition Act of 1966, 42 U.S.C. 1772(a)(6)  
11 and 42 U.S.C. 1773(e)(1)(A), respectively, as such acts and sections  
12 existed on January 1, 2015, for a household of that size that would have  
13 allowed the child to meet the income qualifications for free meals during  
14 the school fiscal year immediately preceding the school fiscal year for  
15 which aid is being calculated;

16 (33) ~~(29)~~ Low-income students means the number of low-income  
17 children within the district multiplied by the ratio of the formula  
18 students in the district divided by the total children under nineteen  
19 years of age residing in the district as derived from income tax  
20 information;

21 (34) ~~(30)~~ Most recently available complete data year means the most  
22 recent single school fiscal year for which the annual financial report,  
23 fall school district membership report, annual statistical summary,  
24 Nebraska income tax liability by school district for the calendar year in  
25 which the majority of the school fiscal year falls, and adjusted  
26 valuation data are available;

27 (35) ~~(31)~~ Poverty students means (a) for school fiscal years prior  
28 to 2016-17, the number of low-income students or the number of students  
29 who are free lunch and free milk students in a district plus the  
30 difference of the number of low-income students or the number of students  
31 who are free lunch and free milk students in a district, whichever is

1 greater, minus the average number of poverty students for such district,  
2 prior to such addition, for the three immediately preceding school fiscal  
3 years if such difference is greater than zero and (b) for school fiscal  
4 year 2016-17 and each school fiscal year thereafter, the unadjusted  
5 poverty students plus the difference of such unadjusted poverty students  
6 minus the average number of poverty students for such district, prior to  
7 such addition, for the three immediately preceding school fiscal years if  
8 such difference is greater than zero;

9 (36) ~~(32)~~ Qualified early childhood education average daily  
10 membership means the product of the average daily membership for school  
11 fiscal year 2006-07 and each school fiscal year thereafter of students  
12 who will be eligible to attend kindergarten the following school year and  
13 are enrolled in an early childhood education program approved by the  
14 department pursuant to section 79-1103 for such school district for such  
15 school year multiplied by the ratio of the actual instructional hours of  
16 the program divided by one thousand thirty-two if: (a) The program is  
17 receiving a grant pursuant to such section for the third year; (b) the  
18 program has already received grants pursuant to such section for three  
19 years; or (c) the program has been approved pursuant to subsection (5) of  
20 section 79-1103 for such school year and the two preceding school years,  
21 including any such students in portions of any of such programs receiving  
22 an expansion grant;

23 (37) ~~(33)~~ Qualified early childhood education fall membership means  
24 the product of membership on October 1 of each school year of students  
25 who will be eligible to attend kindergarten the following school year and  
26 are enrolled in an early childhood education program approved by the  
27 department pursuant to section 79-1103 for such school district for such  
28 school year multiplied by the ratio of the planned instructional hours of  
29 the program divided by one thousand thirty-two if: (a) The program is  
30 receiving a grant pursuant to such section for the third year; (b) the  
31 program has already received grants pursuant to such section for three

1 years; or (c) the program has been approved pursuant to subsection (5) of  
2 section 79-1103 for such school year and the two preceding school years,  
3 including any such students in portions of any of such programs receiving  
4 an expansion grant;

5 (38) ~~(34)~~ Regular route transportation means the transportation of  
6 students on regularly scheduled daily routes to and from the attendance  
7 center;

8 (39) ~~(35)~~ Reorganized district means any district involved in a  
9 consolidation and currently educating students following consolidation;

10 (40) ~~(36)~~ School year or school fiscal year means the fiscal year of  
11 a school district as defined in section 79-1091;

12 (41) ~~(37)~~ Sparse local system means a local system that is not a  
13 very sparse local system but which meets the following criteria:

14 (a)(i) Less than two students per square mile in the county in which  
15 each high school is located, based on the school district census, (ii)  
16 less than one formula student per square mile in the local system, and  
17 (iii) more than ten miles between each high school attendance center and  
18 the next closest high school attendance center on paved roads;

19 (b)(i) Less than one and one-half formula students per square mile  
20 in the local system and (ii) more than fifteen miles between each high  
21 school attendance center and the next closest high school attendance  
22 center on paved roads;

23 (c)(i) Less than one and one-half formula students per square mile  
24 in the local system and (ii) more than two hundred seventy-five square  
25 miles in the local system; or

26 (d)(i) Less than two formula students per square mile in the local  
27 system and (ii) the local system includes an area equal to ninety-five  
28 percent or more of the square miles in the largest county in which a high  
29 school attendance center is located in the local system;

30 (42) ~~(38)~~ Special education means specially designed kindergarten  
31 through grade twelve instruction pursuant to section 79-1125, and

1 includes special education transportation;

2 (43) ~~(39)~~ Special grant funds means the budgeted receipts for  
3 grants, including, but not limited to, categorical funds, reimbursements  
4 for wards of the court, short-term borrowings including, but not limited  
5 to, registered warrants and tax anticipation notes, interfund loans,  
6 insurance settlements, and reimbursements to county government for  
7 previous overpayment. The state board shall approve a listing of grants  
8 that qualify as special grant funds;

9 (44) ~~(40)~~ State aid means the amount of assistance paid to a  
10 district pursuant to the Tax Equity and Educational Opportunities Support  
11 Act;

12 (45) ~~(41)~~ State board means the State Board of Education;

13 (46) ~~(42)~~ State support means all funds provided to districts by the  
14 State of Nebraska for the general fund support of elementary and  
15 secondary education;

16 (47) ~~(43)~~ Statewide average basic funding per formula student means  
17 the statewide total basic funding for all districts divided by the  
18 statewide total formula students for all districts;

19 (48) ~~(44)~~ Statewide average general fund operating expenditures per  
20 formula student means the statewide total general fund operating  
21 expenditures for all districts divided by the statewide total formula  
22 students for all districts;

23 (49) ~~(45)~~ Teacher has the definition found in section 79-101;

24 (50) ~~(46)~~ Temporary aid adjustment factor means (a) for school  
25 fiscal years before school fiscal year 2007-08, one and one-fourth  
26 percent of the sum of the local system's transportation allowance, the  
27 local system's special receipts allowance, and the product of the local  
28 system's adjusted formula students multiplied by the average formula cost  
29 per student in the local system's cost grouping and (b) for school fiscal  
30 year 2007-08, one and one-fourth percent of the sum of the local system's  
31 transportation allowance, special receipts allowance, and distance

1 education and telecommunications allowance and the product of the local  
2 system's adjusted formula students multiplied by the average formula cost  
3 per student in the local system's cost grouping;

4 ~~(51)~~ ~~(47)~~ Tuition receipts from converted contracts means tuition  
5 receipts received by a district from another district in the most  
6 recently available complete data year pursuant to a converted contract  
7 prior to the expiration of the contract;

8 ~~(52)~~ ~~(48)~~ Tuitioned students means students in kindergarten through  
9 grade twelve of the district whose tuition is paid by the district to  
10 some other district or education agency;

11 ~~(53)~~ ~~(49)~~ Unadjusted poverty students means, for school fiscal year  
12 2016-17 and each school fiscal year thereafter, the greater of the number  
13 of low-income students or the free lunch and free milk calculated  
14 students in a district; and

15 ~~(54)~~ ~~(50)~~ Very sparse local system means a local system that has:

16 (a)(i) Less than one-half student per square mile in each county in  
17 which each high school attendance center is located based on the school  
18 district census, (ii) less than one formula student per square mile in  
19 the local system, and (iii) more than fifteen miles between the high  
20 school attendance center and the next closest high school attendance  
21 center on paved roads; or

22 (b)(i) More than four hundred fifty square miles in the local  
23 system, (ii) less than one-half student per square mile in the local  
24 system, and (iii) more than fifteen miles between each high school  
25 attendance center and the next closest high school attendance center on  
26 paved roads.

27 Sec. 30. Section 79-1005.01, Revised Statutes Cumulative Supplement,  
28 2018, is amended to read:

29 79-1005.01 (1) Not later than November 15 of each year through 2018,  
30 the Tax Commissioner shall certify to the department for the preceding  
31 tax year the income tax liability of resident individuals for each local

1 system.

2 ~~(2) For school fiscal years prior to 2017-18, one hundred two~~  
3 ~~million two hundred eighty-nine thousand eight hundred seventeen dollars~~  
4 ~~which is equal to the amount appropriated to the School District Income~~  
5 ~~Tax Fund for distribution in school fiscal year 1992-93 shall be~~  
6 ~~disbursed as option payments as determined under section 79-1009 and as~~  
7 ~~allocated income tax funds as determined in this section and sections~~  
8 ~~79-1008.01, 79-1015.01, 79-1017.01, and 79-1018.01, except as provided in~~  
9 ~~section 79-1008.02 for school fiscal years prior to school fiscal year~~  
10 ~~2017-18. For school fiscal years prior to school fiscal year 2017-18,~~  
11 ~~funds not distributed as allocated income tax funds due to minimum levy~~  
12 ~~adjustments shall not increase the amount available to local systems for~~  
13 ~~distribution as allocated income tax funds.~~

14 ~~(3) Using the data certified by the Tax Commissioner pursuant to~~  
15 ~~subsection (1) of this section, the department shall calculate the~~  
16 ~~allocation percentage and each local system's allocated income tax funds.~~  
17 ~~The allocation percentage shall be the amount stated in subsection (2) of~~  
18 ~~this section minus the total amount paid for option students pursuant to~~  
19 ~~section 79-1009, with the difference divided by the aggregate statewide~~  
20 ~~income tax liability of all resident individuals certified pursuant to~~  
21 ~~subsection (1) of this section. Each local system's allocated income tax~~  
22 ~~funds shall be calculated by multiplying the allocation percentage times~~  
23 ~~the local system's income tax liability certified pursuant to subsection~~  
24 ~~(1) of this section.~~

25 ~~(2) (4) For school fiscal years year 2017-18 and 2018-19 and each~~  
26 ~~school fiscal year thereafter, each local system's allocated income tax~~  
27 ~~funds shall be calculated by multiplying the local system's income tax~~  
28 ~~liability certified pursuant to subsection (1) of this section by two and~~  
29 ~~twenty-three hundredths percent.~~

30 Sec. 31. (1) For school fiscal year 2019-20 and each school fiscal  
31 year thereafter, the department shall calculate the foundation aid to be

1 paid to each local system.

2 (2) On or before June 17, 2019, on or before November 15, 2019, and  
3 on or before each November 15 thereafter, for the calculation of aid for  
4 the immediately following school fiscal year, the Tax Commissioner shall  
5 certify to the department the total state revenue contribution for  
6 purposes of this section, which shall equal twenty-five percent of:

7 (a) The aggregate income tax liability under the Nebraska Revenue  
8 Act of 1967 for all taxpayers for the most recently completed tax year;  
9 plus

10 (b) The aggregate state sales tax collections under the Nebraska  
11 Revenue Act of 1967 for the most recently completed calendar year.

12 (3) The state revenue contribution per student shall equal the total  
13 state revenue contribution certified pursuant to subsection (2) of this  
14 section divided by (a) for the certification of state aid pursuant to  
15 section 79-1022, the statewide fall membership or (b) for the final  
16 calculation of state aid pursuant to section 79-1065, the statewide  
17 average daily membership.

18 (4) The foundation aid per student for each local system shall equal  
19 the greater of:

20 (a) The state revenue contribution per student calculated pursuant  
21 to subsection (3) of this section; or

22 (b) Twenty-five percent of the basic funding per formula student  
23 calculated for such local system up to a maximum of one hundred fifty  
24 percent of the state revenue contribution per student calculated pursuant  
25 to subsection (3) of this section.

26 (5) The foundation aid to be paid to each local system shall equal  
27 the foundation aid per student calculated pursuant to subsection (4) of  
28 this section multiplied by (a) for the certification of state aid  
29 pursuant to section 79-1022, the fall membership for such local system or  
30 (b) for the final calculation of state aid pursuant to section 79-1065,  
31 the average daily membership for such local system.

1           Sec. 32. Section 79-1007.11, Revised Statutes Cumulative Supplement,  
2 2018, is amended to read:

3           79-1007.11 ~~(1) Except as otherwise provided in this section, for~~  
4 ~~school fiscal years 2013-14 through 2015-16, each school district's~~  
5 ~~formula need shall equal the difference of the sum of the school~~  
6 ~~district's basic funding, poverty allowance, limited English proficiency~~  
7 ~~allowance, focus school and program allowance, summer school allowance,~~  
8 ~~special receipts allowance, transportation allowance, elementary site~~  
9 ~~allowance, instructional time allowance, teacher education allowance,~~  
10 ~~distance education and telecommunications allowance, averaging~~  
11 ~~adjustment, new learning community transportation adjustment, student~~  
12 ~~growth adjustment, any positive student growth adjustment correction, and~~  
13 ~~new school adjustment, minus the sum of the limited English proficiency~~  
14 ~~allowance correction, poverty allowance correction, and any negative~~  
15 ~~student growth adjustment correction.~~

16           ~~(2) Except as otherwise provided in this section, for school fiscal~~  
17 ~~year 2016-17, each school district's formula need shall equal the~~  
18 ~~difference of the sum of the school district's basic funding, poverty~~  
19 ~~allowance, limited English proficiency allowance, focus school and~~  
20 ~~program allowance, summer school allowance, special receipts allowance,~~  
21 ~~transportation allowance, elementary site allowance, distance education~~  
22 ~~and telecommunications allowance, averaging adjustment, new learning~~  
23 ~~community transportation adjustment, student growth adjustment, any~~  
24 ~~positive student growth adjustment correction, and new school adjustment,~~  
25 ~~minus the sum of the limited English proficiency allowance correction,~~  
26 ~~poverty allowance correction, and any negative student growth adjustment~~  
27 ~~correction.~~

28           (1) ~~(3)~~ Except as otherwise provided in this section, for school  
29 fiscal years 2017-18 and 2018-19, each school district's formula need  
30 shall equal the difference of the sum of the school district's basic  
31 funding, poverty allowance, poverty allowance adjustment, limited English



1 proficiency allowance, focus school and program allowance, summer school  
2 allowance, special receipts allowance, transportation allowance,  
3 elementary site allowance, distance education and telecommunications  
4 allowance, averaging adjustment, new community achievement plan  
5 adjustment, student growth adjustment, any positive student growth  
6 adjustment correction, and new school adjustment minus the sum of the  
7 limited English proficiency allowance correction, poverty allowance  
8 correction, and any negative student growth adjustment correction.

9 (2) (4) Except as otherwise provided in this section, for school  
10 fiscal year 2019-20 and each school fiscal year thereafter, each school  
11 district's formula need shall equal the difference of the sum of the  
12 school district's basic funding, poverty allowance, limited English  
13 proficiency allowance, focus school and program allowance, summer school  
14 allowance, special receipts allowance, transportation allowance,  
15 elementary site allowance, distance education and telecommunications  
16 allowance, community achievement plan allowance, averaging adjustment,  
17 new community achievement plan adjustment, student growth adjustment, any  
18 positive student growth adjustment correction, and new school adjustment  
19 minus the sum of the limited English proficiency allowance correction,  
20 poverty allowance correction, and any negative student growth adjustment  
21 correction.

22 (3) Except as otherwise provided in this section, for school fiscal  
23 year 2020-21 and each school fiscal year thereafter, each school  
24 district's formula need shall equal the difference of the sum of the  
25 school district's basic funding, poverty allowance, limited English  
26 proficiency allowance, focus school and program allowance, summer school  
27 allowance, special receipts allowance, transportation allowance,  
28 elementary site allowance, distance education and telecommunications  
29 allowance, community achievement plan allowance, new community  
30 achievement plan adjustment, student growth adjustment, any positive  
31 student growth adjustment correction, and new school adjustment minus the

1 sum of the limited English proficiency allowance correction, poverty  
2 allowance correction, and any negative student growth adjustment  
3 correction.

4       ~~(4)~~ ~~(5)~~ If the formula need calculated for a school district  
5 pursuant to subsections (1) through ~~(3)~~ ~~(4)~~ of this section is less than  
6 one hundred percent of the formula need for such district for the school  
7 fiscal year immediately preceding the school fiscal year for which aid is  
8 being calculated, the formula need for such district shall equal one  
9 hundred percent of the formula need for such district for the school  
10 fiscal year immediately preceding the school fiscal year for which aid is  
11 being calculated.

12       ~~(5)~~ ~~(6)~~ If the formula need calculated for a school district  
13 pursuant to subsections (1) through ~~(3)~~ ~~(4)~~ of this section is more than  
14 one hundred twelve percent of the formula need for such district for the  
15 school fiscal year immediately preceding the school fiscal year for which  
16 aid is being calculated, the formula need for such district shall equal  
17 one hundred twelve percent of the formula need for such district for the  
18 school fiscal year immediately preceding the school fiscal year for which  
19 aid is being calculated, except that the formula need shall not be  
20 reduced pursuant to this subsection for any district receiving a student  
21 growth adjustment for the school fiscal year for which aid is being  
22 calculated.

23       ~~(6)~~ ~~(7)~~ For purposes of subsections ~~(4)~~ ~~(5)~~ and ~~(5)~~ ~~(6)~~ of this  
24 section, the formula need for the school fiscal year immediately  
25 preceding the school fiscal year for which aid is being calculated shall  
26 be the formula need used in the final calculation of aid pursuant to  
27 section 79-1065 and for districts that were affected by a reorganization  
28 with an effective date in the calendar year preceding the calendar year  
29 in which aid is certified for the school fiscal year for which aid is  
30 being calculated, the formula need for the school fiscal year immediately  
31 preceding the school fiscal year for which aid is being calculated shall

1 be attributed to the affected school districts based on information  
2 provided to the department by the school districts or proportionally  
3 based on the adjusted valuation transferred if sufficient information has  
4 not been provided to the department.

5 Sec. 33. Section 79-1007.18, Revised Statutes Cumulative Supplement,  
6 2018, is amended to read:

7 79-1007.18 ~~(1) For school fiscal years prior to school fiscal year~~  
8 ~~2017-18:~~

9 ~~(a) The department shall calculate an averaging adjustment for~~  
10 ~~districts if the basic funding per formula student is less than the~~  
11 ~~averaging adjustment threshold and the general fund levy for the school~~  
12 ~~fiscal year immediately preceding the school fiscal year for which aid is~~  
13 ~~being calculated was at least one dollar per one hundred dollars of~~  
14 ~~taxable valuation. For the calculation of aid for school fiscal years~~  
15 ~~prior to school fiscal year 2018-19, the general fund levy for school~~  
16 ~~districts that are members of a learning community for purposes of this~~  
17 ~~section includes both the common general fund levy and the school~~  
18 ~~district general fund levy authorized pursuant to subdivisions (2)(b) and~~  
19 ~~(2)(c) of section 77-3442. The averaging adjustment shall equal the~~  
20 ~~district's formula students multiplied by the percentage specified in~~  
21 ~~this subsection for such district of the difference between the averaging~~  
22 ~~adjustment threshold minus such district's basic funding per formula~~  
23 ~~student;~~

24 ~~(b) The averaging adjustment threshold shall equal the aggregate~~  
25 ~~basic funding for all districts with nine hundred or more formula~~  
26 ~~students divided by the aggregate formula students for all districts with~~  
27 ~~nine hundred or more formula students for the school fiscal year for~~  
28 ~~which aid is being calculated; and~~

29 ~~(c) The percentage to be used in the calculation of an averaging~~  
30 ~~adjustment shall be based on the general fund levy for the school fiscal~~  
31 ~~year immediately preceding the school fiscal year for which aid is being~~

1 ~~calculated and shall be as follows:~~

2 ~~(i) If such levy was at least one dollar per one hundred dollars of~~  
3 ~~taxable valuation but less than one dollar and one cent per one hundred~~  
4 ~~dollars of taxable valuation, the percentage shall be fifty percent;~~

5 ~~(ii) If such levy was at least one dollar and one cent per one~~  
6 ~~hundred dollars of taxable valuation but less than one dollar and two~~  
7 ~~cents per one hundred dollars of taxable valuation, the percentage shall~~  
8 ~~be sixty percent;~~

9 ~~(iii) If such levy was at least one dollar and two cents per one~~  
10 ~~hundred dollars of taxable valuation but less than one dollar and three~~  
11 ~~cents per one hundred dollars of taxable valuation, the percentage shall~~  
12 ~~be seventy percent;~~

13 ~~(iv) If such levy was at least one dollar and three cents per one~~  
14 ~~hundred dollars of taxable valuation but less than one dollar and four~~  
15 ~~cents per one hundred dollars of taxable valuation, the percentage shall~~  
16 ~~be eighty percent; and~~

17 ~~(v) If such levy was at least one dollar and four cents per one~~  
18 ~~hundred dollars of taxable valuation, the percentage shall be ninety~~  
19 ~~percent.~~

20 ~~(2) For school fiscal years year 2017-18, 2018-19, and 2019-20 and~~  
21 ~~each school fiscal year thereafter, the department shall calculate an~~  
22 ~~averaging adjustment for districts with at least nine hundred formula~~  
23 ~~students if the basic funding per formula student is less than the~~  
24 ~~averaging adjustment threshold. The averaging adjustment shall equal the~~  
25 ~~district's formula students multiplied by ninety percent of the~~  
26 ~~difference of the averaging adjustment threshold minus such district's~~  
27 ~~basic funding per formula student. The averaging adjustment threshold~~  
28 ~~shall equal the aggregate basic funding for all districts with nine~~  
29 ~~hundred or more formula students divided by the aggregate formula~~  
30 ~~students for all districts with nine hundred or more formula students for~~  
31 ~~the school fiscal year for which aid is being calculated.~~

1           Sec. 34. Section 79-1008.01, Revised Statutes Cumulative Supplement,  
2 2018, is amended to read:

3           79-1008.01 Except as provided in ~~section 79-1008.02 for school~~  
4 ~~fiscal years prior to school fiscal year 2017-18~~ and section 79-1009,  
5 each local system shall receive equalization aid in the amount that the  
6 total formula need of each local system, as determined pursuant to  
7 sections 79-1007.04 to 79-1007.23 and 79-1007.25, exceeds its total  
8 formula resources as determined pursuant to sections 79-1015.01 to  
9 79-1018.01.

10          Sec. 35. Section 79-1009, Revised Statutes Cumulative Supplement,  
11 2018, is amended to read:

12          79-1009 (1)(a) A district shall receive net option funding if (i)  
13 option students as defined in section 79-233 were actually enrolled in  
14 the school year immediately preceding the school year in which the aid is  
15 to be paid, (ii) option students as defined in such section will be  
16 enrolled in the school year in which the aid is to be paid as converted  
17 contract option students, or (iii) for the calculation of aid for school  
18 fiscal year 2017-18 for school districts that are members of a learning  
19 community, open enrollment students were actually enrolled for school  
20 year 2016-17 pursuant to section 79-2110.

21          (b) The determination of the net number of option students shall be  
22 based on (i) the number of students enrolled in the district as option  
23 students and the number of students residing in the district but enrolled  
24 in another district as option students as of the day of the fall  
25 membership count pursuant to section 79-528, for the school fiscal year  
26 immediately preceding the school fiscal year in which aid is to be paid,  
27 (ii) the number of option students that will be enrolled in the district  
28 or enrolled in another district as converted contract option students for  
29 the fiscal year in which the aid is to be paid, and (iii) for the  
30 calculation of aid for school fiscal year 2017-18 for school districts  
31 that are members of a learning community, the number of students enrolled

1 in the district as open enrollment students and the number of students  
2 residing in the district but enrolled in another district as open  
3 enrollment students as of the day of the fall membership count pursuant  
4 to section 79-528 for school fiscal year 2016-17.

5 (c) Except as otherwise provided in this subsection, net number of  
6 option students means the difference of the number of option students  
7 enrolled in the district minus the number of students residing in the  
8 district but enrolled in another district as option students. For  
9 purposes of the calculation of aid for school fiscal year 2017-18 for  
10 school districts that are members of a learning community, net number of  
11 option students means the difference of the number of students residing  
12 in another school district who are option students or open enrollment  
13 students enrolled in the district minus the number of students residing  
14 in the district but enrolled in another district as option students or  
15 open enrollment students.

16 ~~(2)(a) For all school fiscal years except school fiscal years~~  
17 ~~2017-18 and 2018-19, net option funding shall be the product of the net~~  
18 ~~number of option students multiplied by the statewide average basic~~  
19 ~~funding per formula student.~~

20 (2)(a) (b) For school fiscal years 2017-18 and 2018-19, net option  
21 funding shall be the product of the net number of option students  
22 multiplied by ninety-five and five-tenths percent of the statewide  
23 average basic funding per formula student.

24 (b) For school fiscal year 2019-20, net option funding shall be the  
25 product of the net number of option students multiplied by the statewide  
26 average basic funding per formula student.

27 (c) For school fiscal year 2020-21 and each school fiscal year  
28 thereafter, net option funding shall be the product of the net number of  
29 option students multiplied by the statewide average general fund property  
30 taxes per formula student. The statewide average general fund property  
31 taxes per formula student shall be calculated by dividing (i) ninety-nine

1 percent of the aggregate general fund property tax receipts for all  
2 school districts for the most recently available complete data year by  
3 (ii) the aggregate formula students for all local systems for the school  
4 fiscal year for which aid is being calculated.

5 (3) A district's net option funding shall be zero if the calculation  
6 produces a negative result.

7 ~~Payments made under this section for school fiscal years prior to~~  
8 ~~school fiscal year 2017-18 shall be made from the funds to be disbursed~~  
9 ~~under section 79-1005.01.~~

10 Such payments shall go directly to the option school district but  
11 shall count as a formula resource for the local system.

12 Sec. 36. (1) On or before June 17, 2019, on or before November 15,  
13 2019, and on or before November 15 of each year thereafter, the Tax  
14 Commissioner shall calculate and certify to the department the inflation  
15 rate and the local formula contribution inflation rate for the  
16 immediately following school fiscal year.

17 (2) Except as otherwise provided in subsection (3) or (4) of this  
18 section, the inflation rate for each school fiscal year shall be  
19 calculated by (a) subtracting the cost index immediately preceding the  
20 most recent cost index from the most recent cost index and (b) dividing  
21 the difference by the cost index immediately preceding the most recent  
22 cost index. The most recent cost index for each school fiscal year is the  
23 most recent cost index available at the time of the certification  
24 pursuant to this subsection.

25 (3) If the inflation rate calculated pursuant to subsection (2) of  
26 this section is greater than two and one-half percent, the inflation rate  
27 shall equal two and one-half percent.

28 (4) If the inflation rate calculated pursuant to subsection (2) of  
29 this section is less than zero percent, the inflation rate shall equal  
30 zero percent.

31 (5) The local formula contribution inflation rate shall equal the

1 inflation rate calculated pursuant to subsection (2) of this section  
2 without any adjustment pursuant to subsection (3) or (4) of this section.

3 Sec. 37. Section 79-1015.01, Revised Statutes Cumulative Supplement,  
4 2018, is amended to read:

5 79-1015.01 (1) Local system formula resources for each local system  
6 shall include the local formula contribution effort rate yield which  
7 shall be computed as prescribed in this section.

8 ~~(2) For each school fiscal year except school fiscal years 2017-18~~  
9 ~~and 2018-19: (a) For state aid certified pursuant to section 79-1022, the~~  
10 ~~local effort rate shall be the maximum levy, for the school fiscal year~~  
11 ~~for which aid is being certified, authorized pursuant to subdivision (2)~~  
12 ~~(a) of section 77-3442 less five cents; (b) for the final calculation of~~  
13 ~~state aid pursuant to section 79-1065, the local effort rate shall be the~~  
14 ~~rate which, when multiplied by the total adjusted valuation of all~~  
15 ~~taxable property in local systems receiving equalization aid pursuant to~~  
16 ~~the Tax Equity and Educational Opportunities Support Act, will produce~~  
17 ~~the amount needed to support the total formula need of such local systems~~  
18 ~~when added to state aid appropriated by the Legislature and other actual~~  
19 ~~receipts of local systems described in section 79-1018.01; and (c) the~~  
20 ~~local effort rate yield for such school fiscal years shall be determined~~  
21 ~~by multiplying each local system's total adjusted valuation by the local~~  
22 ~~effort rate.~~

23 (2) (3) For school fiscal years 2017-18 and 2018-19: (a) For state  
24 aid certified pursuant to section 79-1022, the local effort rate shall be  
25 the maximum levy, for the school fiscal year for which aid is being  
26 certified, authorized pursuant to subdivision (2)(a) of section 77-3442  
27 less two and ninety-seven hundredths cents; (b) for the final calculation  
28 of state aid pursuant to section 79-1065, the local effort rate shall be  
29 the rate which, when multiplied by the total adjusted valuation of all  
30 taxable property in local systems receiving equalization aid pursuant to  
31 the Tax Equity and Educational Opportunities Support Act, will produce



1 the amount needed to support the total formula need of such local systems  
2 when added to state aid appropriated by the Legislature and other actual  
3 receipts of local systems described in section 79-1018.01; and (c) the  
4 local formula contribution effort rate yield for such school fiscal years  
5 shall be determined by multiplying each local system's total adjusted  
6 valuation by the local effort rate.

7 (3) For school fiscal year 2019-20, for both state aid certified  
8 pursuant to section 79-1022 and for the final calculation of state aid  
9 pursuant to section 79-1065, the local formula contribution for each  
10 local system shall equal the product of the local system's total adjusted  
11 valuation multiplied by a local effort rate of ninety cents per one  
12 hundred dollars of adjusted valuation.

13 (4)(a) For school fiscal year 2020-21 and each school fiscal year  
14 thereafter, for both state aid certified pursuant to section 79-1022 and  
15 for the final calculation of state aid pursuant to section 79-1065, the  
16 local formula contribution for each local system shall equal the lesser  
17 of the local effort rate yield or the inflation rate yield.

18 (b) The local effort rate yield for each local system shall equal  
19 the product of the local system's total adjusted valuation multiplied by  
20 a local effort rate of ninety cents per one hundred dollars of adjusted  
21 valuation.

22 (c) The inflation rate yield for each local system shall equal the  
23 sum of (i) the local formula contribution for such local system for the  
24 school fiscal year immediately preceding the school fiscal year for which  
25 aid is being calculated adjusted by the local formula contribution  
26 inflation rate certified pursuant to section 36 of this act plus (ii) the  
27 product of the local system's adjusted valuation for the total real  
28 property growth value multiplied by a local effort rate of ninety cents  
29 per one hundred dollars of adjusted valuation.

30 Sec. 38. Section 79-1016, Revised Statutes Cumulative Supplement,  
31 2018, is amended to read:

1           79-1016 (1) On or before August 20, the county assessor shall  
2 certify to the Property Tax Administrator the total taxable value and the  
3 total real property growth value by school district in the county for the  
4 current assessment year on forms prescribed by the Tax Commissioner. The  
5 county assessor may amend the filing for changes made to the taxable  
6 valuation of the school district in the county if corrections or errors  
7 on the original certification are discovered. Amendments shall be  
8 certified to the Property Tax Administrator on or before August 31.

9           (2) On or before October 10, the Property Tax Administrator shall  
10 compute and certify to the State Department of Education the adjusted  
11 valuation for the current assessment year for each class of property and  
12 for the total real property growth value in each school district and each  
13 local system. The adjusted valuation of property for each school district  
14 and each local system, for purposes of determining state aid pursuant to  
15 the Tax Equity and Educational Opportunities Support Act, shall reflect  
16 as nearly as possible state aid value as defined in subsection (3) of  
17 this section. For the 2019 assessment year and each assessment year  
18 thereafter, all adjusted valuations pursuant to this section shall  
19 reflect the changes in the definition of state aid value that apply to  
20 school fiscal year 2020-21 and each school fiscal year thereafter  
21 pursuant to subsection (3) of this section. The Property Tax  
22 Administrator shall notify each school district and each local system of  
23 its adjusted valuation for the current assessment year by class of  
24 property on or before October 10. Establishment of the adjusted valuation  
25 shall be based on the taxable value certified by the county assessor for  
26 each school district in the county adjusted by the determination of the  
27 level of value for each school district from an analysis of the  
28 comprehensive assessment ratio study or other studies developed by the  
29 Property Tax Administrator, in compliance with professionally accepted  
30 mass appraisal techniques, as required by section 77-1327. The Tax  
31 Commissioner shall adopt and promulgate rules and regulations setting

1 forth standards for the determination of level of value and for the  
2 determination of total real property growth value for state aid purposes.

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

4 (a) For real property other than agricultural and horticultural  
5 land, (i) for school fiscal years prior to school fiscal year 2020-21,  
6 ninety-six percent of actual value and (ii) for school fiscal year  
7 2020-21 and each school fiscal year thereafter, eighty-six percent of  
8 actual value;

9 (b) For agricultural and horticultural land, (i) for school fiscal  
10 years prior to school fiscal year 2020-21, seventy-two percent of actual  
11 value as provided in sections 77-1359 and ~~to~~ 77-1363 and (ii) for school  
12 fiscal year 2020-21 and each school fiscal year thereafter, sixty-two  
13 percent of actual value as provided in sections 77-1359 and 77-1363; -

14 (c) For agricultural and horticultural land that receives special  
15 valuation pursuant to section 77-1344, (i) for school fiscal years prior  
16 to school fiscal year 2020-21, seventy-two percent of special valuation  
17 as defined in section 77-1343 and (ii) for school fiscal year 2020-21 and  
18 each school fiscal year thereafter, sixty-two percent of special  
19 valuation as defined in section 77-1343; and

20 (d) ~~(e)~~ For personal property, the net book value as defined in  
21 section 77-120.

22 (4) On or before November 10, any local system may file with the Tax  
23 Commissioner written objections to any ~~the~~ adjusted valuations prepared  
24 by the Property Tax Administrator, stating the reasons why such adjusted  
25 valuations are not the valuations required by subsection (3) of this  
26 section. The Tax Commissioner shall fix a time for a hearing. Either  
27 party shall be permitted to introduce any evidence in reference thereto.  
28 On or before January 1, the Tax Commissioner shall enter a written order  
29 modifying or declining to modify, in whole or in part, the adjusted  
30 valuations and shall certify the order to the State Department of  
31 Education. Modification by the Tax Commissioner shall be based upon the

1 evidence introduced at hearing and shall not be limited to the  
2 modification requested in the written objections or at hearing. A copy of  
3 the written order shall be mailed to the local system within seven days  
4 after the date of the order. The written order of the Tax Commissioner  
5 may be appealed within thirty days after the date of the order to the Tax  
6 Equalization and Review Commission in accordance with section 77-5013.

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

16 (6) On or before May 31 of the year following the certification of  
17 adjusted valuations ~~valuation~~ pursuant to subsection (2) of this section,  
18 any local system or county official may file with the Tax Commissioner a  
19 written request for a nonappealable correction of an ~~the~~ adjusted  
20 valuation due to changes to the tax list that change the assessed value  
21 of taxable property. Upon the filing of the written request, the Tax  
22 Commissioner shall require the county assessor to recertify the taxable  
23 valuation and total real property growth value by school district in the  
24 county on forms prescribed by the Tax Commissioner. The recertified  
25 valuations ~~valuation~~ shall be the valuations ~~valuation~~ that were ~~was~~  
26 certified on the tax list, pursuant to section 77-1613, increased or  
27 decreased by changes to the tax list that change the assessed value of  
28 taxable property or the total real property growth value in the school  
29 district in the county in the prior assessment year. On or before the  
30 following July 31, the Tax Commissioner shall approve or deny the request  
31 and, if approved, certify the corrected adjusted valuations resulting

1 from such action to the State Department of Education.

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

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

17 Sec. 39. Section 79-1017.01, Revised Statutes Cumulative Supplement,  
18 2018, is amended to read:

19 79-1017.01 ~~(1) For state aid calculated for school fiscal years~~  
20 ~~2014-15 and 2015-16, local system formula resources includes other actual~~  
21 ~~receipts determined pursuant to section 79-1018.01, net option funding~~  
22 ~~determined pursuant to section 79-1009, teacher education aid determined~~  
23 ~~pursuant to section 79-1007.25, instructional time aid determined~~  
24 ~~pursuant to subsection (2) of section 79-1007.23, allocated income tax~~  
25 ~~funds determined pursuant to section 79-1005.01, and minimum levy~~  
26 ~~adjustments determined pursuant to section 79-1008.02 and is reduced by~~  
27 ~~amounts paid by the district in the most recently available complete data~~  
28 ~~year as property tax refunds pursuant to or in the manner prescribed by~~  
29 ~~section 77-1736.06.~~

30 (1) (2) For state aid calculated for school fiscal years prior to  
31 school fiscal year 2019-20 year 2016-17 and each school fiscal year

1 thereafter, local system formula resources includes other actual receipts  
2 determined pursuant to section 79-1018.01, net option funding determined  
3 pursuant to section 79-1009, allocated income tax funds determined  
4 pursuant to section 79-1005.01, and community achievement plan aid  
5 determined pursuant to section 79-1005, ~~and minimum levy adjustments~~  
6 ~~determined pursuant to section 79-1008.02 for school fiscal years prior~~  
7 ~~to school fiscal year 2017-18,~~ and is reduced by amounts paid by the  
8 district in the most recently available complete data year as property  
9 tax refunds pursuant to or in the manner prescribed by section  
10 77-1736.06.

11 (2) For state aid calculated for school fiscal year 2019-20 and each  
12 school fiscal year thereafter, local system formula resources includes  
13 other actual receipts determined pursuant to section 79-1018.01, net  
14 option funding determined pursuant to section 79-1009, foundation aid  
15 determined pursuant to section 31 of this act, and community achievement  
16 plan aid determined pursuant to section 79-1005, and is reduced by  
17 amounts paid by any school district in the local system in the most  
18 recently available complete data year as property tax refunds pursuant to  
19 or in the manner prescribed by section 77-1736.06.

20 Sec. 40. Section 79-1022, Revised Statutes Cumulative Supplement,  
21 2018, as amended by section 1, Legislative Bill 430, One Hundred Sixth  
22 Legislature, First Session, 2019, is amended to read:

23 79-1022 (1)(a) (1) On or before July 15, ~~June 10,~~ 2019, and on or  
24 before March 1 of each year thereafter, for each ensuing fiscal year, the  
25 department shall determine the amounts to be distributed to each local  
26 system and each district for the ensuing school fiscal year pursuant to  
27 the Tax Equity and Educational Opportunities Support Act ~~and shall~~  
28 ~~certify the amounts to the Director of Administrative Services, the~~  
29 ~~Auditor of Public Accounts, and each district.~~

30 (b) For school fiscal year 2019-20 and each school fiscal year  
31 thereafter, except as provided in subdivision (1)(d) of this section, the

1 amount to be distributed to each local system shall equal the sum of the  
2 equalization aid determined pursuant to section 79-1008.01, net option  
3 funding determined pursuant to section 79-1009, foundation aid determined  
4 pursuant to section 31 of this act, and community achievement plan aid  
5 determined pursuant to section 79-1005.

6 (c) Except as otherwise provided in this section, the amount to be  
7 distributed to each district from the amount calculated ~~certified~~ for a  
8 local system pursuant to subdivision (1)(b) of this section shall be  
9 proportional based on the formula students attributed to each district in  
10 the local system.

11 (d) For school fiscal year 2019-20 and each school fiscal year  
12 thereafter, if the amount to be distributed to any local system or  
13 district pursuant to subdivisions (1)(b) or (1)(c) of this section is  
14 less than thirty-three and thirty-three hundredths percent of its total  
15 formula need, as determined pursuant to sections 79-1007.04 to  
16 79-1007.21, the local system or district shall receive the sum of the  
17 amount calculated in subdivision (1)(b) or (1)(c) of this section plus  
18 guaranteed funding aid. Guaranteed funding aid shall be an amount equal  
19 to the difference of thirty-three and thirty-three hundredths percent of  
20 a local system or district's total formula need and the amount calculated  
21 pursuant to subdivision (1)(b) or (1)(c) of this section.

22 (e) The department shall certify the amounts to be distributed as  
23 determined pursuant to this subsection to the Director of Administrative  
24 Services, the Auditor of Public Accounts, and each district.

25 (f) On or before July 15, June 10, 2019, and on or before March 1 of  
26 each year thereafter, for each ensuing fiscal year, the department shall  
27 report the necessary funding level for the ensuing school fiscal year to  
28 the Governor, the Appropriations Committee of the Legislature, and the  
29 Education Committee of the Legislature. The report submitted to the  
30 committees of the Legislature shall be submitted electronically.

31 (g) Except as otherwise provided in this subsection, certified state

1 aid amounts, including adjustments pursuant to section 79-1065.02, shall  
2 be shown as budgeted non-property-tax receipts and deducted prior to  
3 calculating the property tax request in the district's general fund  
4 budget statement as provided to the Auditor of Public Accounts pursuant  
5 to section 79-1024.

6 (2) Except as provided in this subsection, subsection (8) of section  
7 79-1016, and sections 79-1005, 79-1033, and 79-1065.02, the amounts  
8 certified pursuant to subsection (1) of this section shall be distributed  
9 in ten as nearly as possible equal payments on the last business day of  
10 each month beginning in September of each ensuing school fiscal year and  
11 ending in June of the following year, except that when a school district  
12 is to receive a monthly payment of less than one thousand dollars, such  
13 payment shall be one lump-sum payment on the last business day of  
14 December during the ensuing school fiscal year.

15 Sec. 41. Section 79-1022.02, Revised Statutes Cumulative Supplement,  
16 2018, as amended by section 2, Legislative Bill 430, One Hundred Sixth  
17 Legislature, First Session, 2019, is amended to read:

18 79-1022.02 Notwithstanding any other provision of law, any  
19 certification of state aid pursuant to section 79-1022, certification of  
20 budget authority pursuant to section 79-1023, and certification of  
21 applicable allowable reserve percentages pursuant to section 79-1027  
22 completed prior to the operative date of this section ~~effective date of~~  
23 ~~this act~~ for school fiscal year 2019-20 is null and void.

24 Sec. 42. Section 79-1023, Revised Statutes Cumulative Supplement,  
25 2018, as amended by section 3, Legislative Bill 430, One Hundred Sixth  
26 Legislature, First Session, 2019, is amended to read:

27 79-1023 (1) On or before July 15, ~~June 10~~, 2019, and on or before  
28 March 1 of each year thereafter, the department shall determine and  
29 certify to each school district budget authority for the general fund  
30 budget of expenditures for the ensuing school fiscal year.

31 (2) For each school fiscal year except school fiscal year 2019-20,



1 ~~except~~ Except as provided in sections 79-1028.01, 79-1029, 79-1030, and  
2 81-829.51, each school district shall have budget authority for the  
3 general fund budget of expenditures equal to the greater of (a) the  
4 general fund budget of expenditures for the immediately preceding school  
5 fiscal year minus exclusions pursuant to subsection (1) of section  
6 79-1028.01 for such school fiscal year with the difference increased by  
7 the basic allowable growth rate for the school fiscal year for which  
8 budget authority is being calculated, (b) the general fund budget of  
9 expenditures for the immediately preceding school fiscal year minus  
10 exclusions pursuant to subsection (1) of section 79-1028.01 for such  
11 school fiscal year with the difference increased by an amount equal to  
12 any student growth adjustment calculated for the school fiscal year for  
13 which budget authority is being calculated, or (c) one hundred ten  
14 percent of formula need for the school fiscal year for which budget  
15 authority is being calculated minus the special education budget of  
16 expenditures as filed on the school district budget statement on or  
17 before September 20 for the immediately preceding school fiscal year,  
18 which special education budget of expenditures is increased by the basic  
19 allowable growth rate for the school fiscal year for which budget  
20 authority is being calculated.

21 (3) For school fiscal year 2019-20, except as provided in sections  
22 79-1028.01, 79-1029, 79-1030, and 81-829.51, each school district shall  
23 have budget authority for the general fund budget of expenditures equal  
24 to the greater of (a) the general fund expenditures for school fiscal  
25 year 2017-18 minus any expenditures that qualified for an exclusion from  
26 the budget authority for the general fund budget of expenditures pursuant  
27 to subsection (1) of section 79-1028.01 for such school fiscal year with  
28 the difference increased (i) by the basic allowable growth rate for  
29 school fiscal year 2018-19 pursuant to section 79-1025 and then (ii) by  
30 the basic allowable growth rate pursuant to section 79-1025 for purposes  
31 of the determination of budget authority pursuant to this section for

1 school fiscal year 2019-20, (b) the general fund expenditures for school  
2 fiscal year 2017-18 minus any expenditures that qualified for an  
3 exclusion from the budget authority for the general fund budget of  
4 expenditures pursuant to subsection (1) of section 79-1028.01 for such  
5 school fiscal year with the difference increased (i) by the basic  
6 allowable growth rate for school fiscal year 2018-19 pursuant to section  
7 79-1025 and then (ii) by an amount equal to any student growth adjustment  
8 calculated for school fiscal year 2019-20, or (c) one hundred ten percent  
9 of formula need for school fiscal year 2019-20 minus the special  
10 education expenditures for school fiscal year 2017-18 with such special  
11 education expenditures increased (i) by the basic allowable growth rate  
12 for school fiscal year 2018-19 pursuant to section 79-1025 and then (ii)  
13 by the basic allowable growth rate pursuant to section 79-1025 for  
14 purposes of the determination of budget authority pursuant to this  
15 section for school fiscal year 2019-20.

16 (4) ~~(3)~~ For any school fiscal year for which the budget authority  
17 for the general fund budget of expenditures for a school district is  
18 based on a student growth adjustment, the budget authority for the  
19 general fund budget of expenditures for such school district shall be  
20 adjusted in future years to reflect any student growth adjustment  
21 corrections related to such student growth adjustment.

22 Sec. 43. Section 79-1025, Reissue Revised Statutes of Nebraska, is  
23 amended to read:

24 79-1025 The basic allowable growth rate for general fund  
25 expenditures and all other purposes under the Tax Equity and Educational  
26 Opportunities Support Act other than expenditures for special education  
27 and the determination of budget authority pursuant to section 79-1023 for  
28 school fiscal year 2019-20 shall be the base limitation established under  
29 section 77-3446. The budget authority for special education for all  
30 classes of school districts shall be the actual anticipated expenditures  
31 for special education subject to the approval of the state board. Such

1 budget authority and funds generated pursuant to such budget authority  
2 shall be used only for special education expenditures. The basic  
3 allowable growth rate for purposes of the determination of budget  
4 authority pursuant to section 79-1023 for school fiscal year 2019-20  
5 shall be two and one-half percent.

6 Sec. 44. Section 79-1027, Revised Statutes Cumulative Supplement,  
7 2018, as amended by section 4, Legislative Bill 430, One Hundred Sixth  
8 Legislature, First Session, 2019, is amended to read:

9 79-1027 No district shall adopt a budget, which includes total  
10 requirements of depreciation funds, necessary employee benefit fund cash  
11 reserves, and necessary general fund cash reserves, exceeding the  
12 applicable allowable reserve percentages of total general fund budget of  
13 expenditures as specified in the schedule set forth in this section.

Average daily	Allowable
membership of	reserve
district	percentage
0 - 471	45
471.01 - 3,044	35
3,044.01 - 10,000	25
10,000.01 and over	20

21 On or before July 15, ~~June 10~~, 2019, and on or before March 1 each  
22 year thereafter, the department shall determine and certify each  
23 district's applicable allowable reserve percentage for the ensuing school  
24 fiscal year.

25 Each district with combined necessary general fund cash reserves,  
26 total requirements of depreciation funds, and necessary employee benefit  
27 fund cash reserves less than the applicable allowable reserve percentage  
28 specified in this section may, notwithstanding the district's applicable  
29 allowable growth rate, increase its necessary general fund cash reserves  
30 such that the total necessary general fund cash reserves, total

1 requirements of depreciation funds, and necessary employee benefit fund  
2 cash reserves do not exceed such applicable allowable reserve percentage.

3 Sec. 45. Section 79-1030, Revised Statutes Cumulative Supplement,  
4 2018, is amended to read:

5 79-1030 (1) For school fiscal years prior to school fiscal year  
6 2019-20, a A school district may choose not to increase its general fund  
7 budget of expenditures by the full amount of budget authority for the  
8 general fund budget of expenditures as calculated pursuant to section  
9 79-1023. In such cases, the department shall calculate the amount of  
10 unused budget authority which shall be carried forward to future budget  
11 years. The amount of unused budget authority that may be used by a  
12 district in a single school fiscal year to increase its general fund  
13 budget of expenditures above the budget authority for the general fund  
14 budget of expenditures as calculated pursuant to section 79-1023 shall be  
15 limited to two percent of the difference of the general fund budget of  
16 expenditures minus the sum of special grant funds, the special education  
17 budget of expenditures, and exceptions pursuant to subsection (1) of  
18 section 79-1028.01 for the immediately preceding school fiscal year.

19 (2) For school fiscal year 2019-20 and each school fiscal year  
20 thereafter, a school district may choose not to increase its general fund  
21 budget of expenditures by the full amount of budget authority for the  
22 general fund budget of expenditures as calculated pursuant to section  
23 79-1023. In such cases, the department shall calculate the amount of  
24 unused budget authority which shall be carried forward to future budget  
25 years. Unused budget authority calculated pursuant to this subsection  
26 shall not include any unused budget authority from school fiscal years  
27 prior to school fiscal year 2019-20.

28 Sec. 46. Section 79-1031.01, Revised Statutes Cumulative Supplement,  
29 2018, as amended by section 5, Legislative Bill 430, One Hundred Sixth  
30 Legislature, First Session, 2019, is amended to read:

31 79-1031.01 The Appropriations Committee of the Legislature shall

1 annually include the amount necessary to fund the state aid that will be  
2 certified to school districts on or before July 15, ~~June 10~~, 2019, and on  
3 or before March 1 of each year thereafter for each ensuing school fiscal  
4 year in its recommendations to the Legislature to carry out the  
5 requirements of the Tax Equity and Educational Opportunities Support Act.

6 Sec. 47. Sections 1, 2, 4, 10, 12, 13, 14, 15, 17, 49, and 51 of  
7 this act become operative on July 1, 2019. The other sections of this act  
8 become operative on their effective date.

9 Sec. 48. Original sections 77-202, 77-693, 77-801, 77-1238,  
10 77-1239, 77-1248, 77-1514, 77-2715.07, 77-3442, 77-3446, 77-4209,  
11 77-4210, 77-4212, and 79-1025, Reissue Revised Statutes of Nebraska,  
12 sections 79-978.01, 79-9,113, 79-1001, 79-1003, 79-1005.01, 79-1007.11,  
13 79-1007.18, 79-1008.01, 79-1009, 79-1015.01, 79-1016, 79-1017.01, and  
14 79-1030, Revised Statutes Cumulative Supplement, 2018, and sections  
15 79-1022, 79-1022.02, 79-1023, 79-1027, and 79-1031.01, Revised Statutes  
16 Cumulative Supplement, 2018, as amended by sections 1, 2, 3, 4, and 5,  
17 respectively, Legislative Bill 430, One Hundred Sixth Legislature, First  
18 Session, 2019, are repealed.

19 Sec. 49. Original sections 76-901, 76-903, 77-382, 77-1327,  
20 77-2602, 77-2701.02, 77-2701.16, 77-2704.24, and 77-27,132, Reissue  
21 Revised Statutes of Nebraska, are repealed.

22 Sec. 50. The following section is outright repealed: Section  
23 79-1008.02, Revised Statutes Cumulative Supplement, 2018.

24 Sec. 51. The following section is outright repealed: Section  
25 77-2704.56, Reissue Revised Statutes of Nebraska.

26 Sec. 52. Since an emergency exists, this act takes effect when  
27 passed and approved according to law.