

AMENDMENTS TO LB79

Introduced by Erdman, 47.

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

3 Section 1. Sections 1 to 54 of this act shall be known and may be
4 cited as the Nebraska EPIC Option Consumption Tax Act, where the acronym
5 EPIC stands for the elimination of property, income, and corporate taxes.

6 Sec. 2. For purposes of the Nebraska EPIC Option Consumption Tax
7 Act:

8 (1) Affiliated firms means two or more firms that are affiliated
9 with each other. A firm is affiliated with another if one firm owns fifty
10 percent or more of:

11 (a) The voting shares in a corporation; or

12 (b) The capital interests of a business firm that is not a
13 corporation;

14 (2) Consumption tax means the tax imposed pursuant to the Nebraska
15 EPIC Option Consumption Tax Act;

16 (3) Designated commercial private courier service means a firm
17 designated as such by the Tax Commissioner, upon application by the firm,
18 if the firm:

19 (a) Provides its services to the general public; and

20 (b) Records electronically to its database kept in the regular
21 course of its business the date on which an item was given to such firm
22 for delivery;

23 (4) Education and training means tuition for primary, secondary, or
24 postsecondary level education and job-related training courses. Such term
25 does not include room, board, sports activities, recreational activities,
26 hobbies, games, arts or crafts, or cultural activities;

27 (5) Groceries means food items purchased for personal human

1 consumption;

2 (6) Gross payments means payments for taxable property or services,
3 including taxes imposed in the Nebraska EPIC Option Consumption Tax Act;

4 (7)(a) Intangible property includes copyrights, trademarks, patents,
5 goodwill, financial instruments, securities, commercial paper, debts,
6 notes and bonds, and other property deemed intangible by common law.

7 (b) Intangible property does not include tangible personal property
8 or rents or leaseholds of any term thereon, real property or rents or
9 leaseholds of any term thereon, or computer software;

10 (8) Person means any individual, association, estate, trust,
11 partnership, corporation, or other entity of any kind;

12 (9)(a) Produce, provide, render, or sell taxable property or
13 services shall have the following meaning: A taxable property or service
14 is something used to produce, provide, render, or sell a taxable property
15 or service if such property or service is purchased by a person engaged
16 in a trade or business for the purpose of employing or using such taxable
17 property or service in the production, provision, rendering, or sale of
18 other taxable property or services in the ordinary course of that trade
19 or business.

20 (b) Taxable property or services used in a trade or business for the
21 purposes of research, experimentation, testing, and development shall be
22 treated as used to produce, provide, render, or sell taxable property or
23 services.

24 (c) Taxable property or services purchased by an insurer on behalf
25 of an insured shall be treated as used to produce, provide, render, or
26 sell taxable property or services if the premium for the insurance
27 contract giving rise to the insurer's obligation was subject to tax
28 pursuant to section 27 of this act.

29 (d) Education and training shall be treated as services used to
30 produce, provide, render, or sell taxable property or services;

31 (10) Registered seller means a person registered pursuant to section

1 11 of this act;

2 (11) Responsible officers and partners means:

3 (a) In the case of a corporation, any officer who is the president,
4 the chief executive officer, a vice-president, the secretary, the
5 treasurer, or the chief financial officer or who serves a similar
6 function for the corporation;

7 (b) In the case of a partnership, any partner other than limited
8 partners; or

9 (c) In the case of a limited liability company, any officer serving
10 the function of a corporate president or chief executive officer,
11 treasurer or chief financial officer, or secretary and any member
12 actively engaged in the management of the company;

13 (12) Tax Commissioner means the Tax Commissioner of the State of
14 Nebraska;

15 (13) Tax inclusive fair market value means the fair market value of
16 taxable property or services plus the tax imposed by the Nebraska EPIC
17 Option Consumption Tax Act;

18 (14) Taxable employer includes:

19 (a) Any household employing domestic servants; and

20 (b) Any government except for government enterprises as defined in
21 section 25 of this act;

22 (15)(a) Taxable property or service means:

23 (i) Any property, including leaseholds of any term or rents with
24 respect to such property, but excluding:

25 (A) Intangible property; and

26 (B) Used property; and

27 (ii) Any service, including any financial intermediation services as
28 defined in section 27 of this act.

29 (b) For purposes of subdivision (15)(a) of this section, the term
30 service:

31 (i) Shall include any service performed by an employee for which the

1 employee is paid wages or a salary by a taxable employer; and

2 (ii) Shall not include any service performed by an employee for
3 which the employee is paid wages or a salary:

4 (A) By an employer in the regular course of the employer's trade or
5 business;

6 (B) By an employer that is a not-for-profit organization as defined
7 in section 26 of this act;

8 (C) By an employer that is a government enterprise as defined in
9 section 25 of this act; or

10 (D) By taxable employers to employees directly providing education
11 and training;

12 (16) Used property means:

13 (a) Property on which the tax imposed by the Nebraska EPIC Option
14 Consumption Tax Act has already been collected and for which no credit
15 has been allowed;

16 (b) Property that was held other than for a business purpose in a
17 trade or business, as defined in subdivision (2)(b) of section 8 of this
18 act, on December 31, 2025;

19 (c) Property that a business has been using but intends to dispose
20 of; or

21 (d) Property owned by a private citizen prior to January 1, 2026;
22 and

23 (17) Wage or salary means all compensation paid for employment
24 service, including cash compensation, employee benefits, disability
25 insurance, wage replacement insurance payments, unemployment compensation
26 insurance, workers' compensation insurance, and the fair market value of
27 any other consideration paid by an employer to an employee in
28 consideration for employment services rendered.

29 Sec. 3. (1) The state income tax imposed pursuant to the Nebraska
30 Revenue Act of 1967 is hereby repealed effective at the end of the day on
31 December 31, 2025. The Department of Revenue may collect taxes due from

1 2025 during calendar year 2026, but income earned in 2026 shall not be
2 subject to the income tax.

3 (2) The state sales and use tax imposed pursuant to the Nebraska
4 Revenue Act of 1967 and all local sales and use taxes imposed pursuant to
5 the Local Option Revenue Act, the Qualified Judgment Payment Act, and
6 sections 13-319 and 13-2813 are hereby repealed effective at the end of
7 the day on December 31, 2025. The Department of Revenue may collect sales
8 and use taxes due from 2025 during calendar year 2026, but no sales and
9 use taxes shall be imposed on purchases of goods and services beginning
10 January 1, 2026.

11 Sec. 4. (1) The property tax imposed pursuant to Chapter 77 is
12 hereby repealed effective at the end of the day on December 31, 2025.
13 Property taxes due from 2025 may be collected during calendar year 2026,
14 but no property taxes shall be imposed on real or personal property
15 beginning January 1, 2026.

16 (2) The motor vehicle tax imposed in section 60-3,185 and the motor
17 vehicle fee imposed in section 60-3,190 are hereby repealed effective at
18 the end of the day on December 31, 2025. Such taxes and fees due from
19 2025 may be collected during calendar year 2026, but no such taxes or
20 fees shall be imposed beginning January 1, 2026.

21 Sec. 5. The inheritance tax imposed pursuant to sections 77-2001 to
22 77-2040 is hereby repealed effective at the end of the day on December
23 31, 2025. Inheritance taxes due from 2025 may be collected during
24 calendar year 2026, but no inheritance taxes shall be imposed on a
25 deceased person's estate beginning January 1, 2026.

26 Sec. 6. This section establishes the Nebraska Taxpayer's Bill of
27 Rights, which shall apply beginning January 1, 2026, and shall include
28 the following:

29 (1) The citizens of Nebraska are entitled to a fair and just tax
30 system, one which favors neither the poor nor the rich, neither rural
31 dwellers nor urban dwellers, neither business owners nor laborers, and

1 that is no respecter of race, religion, creed, or sex;

2 (2) The State of Nebraska shall never impose or collect a tax on the
3 income of its citizens, whether such income tax be of a personal nature
4 or of a corporate nature;

5 (3) The State of Nebraska shall never impose a tax on the property
6 already owned by its citizens, regardless of whether such property is
7 real or personal, tangible or intangible;

8 (4) The State of Nebraska shall never impose a tax on the estate of
9 a deceased person or the inheritance of the heirs of a deceased person;

10 (5) Because the consumption tax manifests a security against
11 government excess, it shall be preferred above all other tax systems in
12 the State of Nebraska;

13 (6) The Department of Revenue shall be subject to the citizens of
14 the State of Nebraska by readily correcting errors of taxation and
15 granting temporary relief to registered sellers suffering hardship due to
16 the burden of remitting taxes;

17 (7) No service or new good shall ever be subjected to more than one
18 kind of tax and no additional excise taxes shall be imposed by the State
19 of Nebraska or any political subdivision thereof beyond those described
20 in section 8 of this act;

21 (8) The State of Nebraska and any political subdivision thereof
22 shall be strictly prohibited from imposing a tax on groceries purchased
23 for off-premises consumption;

24 (9) The State of Nebraska and any political subdivision thereof
25 shall be strictly prohibited from imposing a tax on services or materials
26 used to manufacture products, including agricultural products, for sale
27 to the general public or to enhance services for sale to the general
28 public; and

29 (10) The State of Nebraska shall live within its revenue means in
30 the same way that a citizen lives within his or her revenue means.

31 Sec. 7. (1) Beginning January 1, 2026, there is hereby imposed a

1 tax on the use or consumption in the State of Nebraska of taxable
2 property or services.

3 (2) The rate of the consumption tax shall be seven and one-half
4 percent until changed by the Legislature.

5 (3) The person purchasing taxable property or services in the State
6 of Nebraska shall be liable for the tax.

7 (4) Except as otherwise provided in this section, the tax shall be
8 collected by the registered seller. The tax shall constitute a part of
9 the purchase price and until collected shall be a debt from the purchaser
10 to the registered seller. The tax required to be collected by the
11 registered seller from the purchaser constitutes a debt owed by the
12 registered seller to the State of Nebraska.

13 (5) The registered seller shall, at the time of making the sale,
14 collect any tax which may be due from the purchaser and shall give to the
15 purchaser, upon request, a receipt therefor in the manner and form
16 prescribed by the Nebraska EPIC Option Consumption Tax Act.

17 (6) In order to prevent evasion of the consumption tax, it shall be
18 presumed that all gross payments from sales by registered sellers are
19 subject to the tax until the contrary is established. The burden of
20 proving that a sale is not a taxable sale is upon the registered seller
21 who makes the sale unless he or she takes and records from the purchaser
22 a tax-exempt certificate identification number.

23 (7) The Tax Commissioner, in order to enforce and facilitate the
24 proper administration of the consumption tax, may designate such person
25 or persons as he or she may deem necessary to be tax collectors and
26 delegate to such persons such authority as is necessary to collect any
27 such tax which is due and payable to the State of Nebraska. The Tax
28 Commissioner may require of all persons so designated a surety bond in
29 favor of the State of Nebraska to insure against any misappropriation of
30 state funds so collected. The Tax Commissioner may require any tax
31 official, city, county, or state, to collect the tax on behalf of the

1 state. All persons designated to or required to collect the tax shall
2 account for such collections in the manner prescribed by the Tax
3 Commissioner. Nothing in this subsection shall be so construed as to
4 prevent the Tax Commissioner or his or her employees from collecting any
5 taxes due and payable to the State of Nebraska.

6 (8) In the sale of new automobiles, trucks, trailers, semitrailers,
7 and truck-tractors as defined in the Motor Vehicle Registration Act, the
8 consumption tax shall be paid to the county treasurer of the county where
9 the transaction took place. In the rental or lease of automobiles,
10 trucks, trailers, semitrailers, and truck-tractors as defined in the
11 Motor Vehicle Registration Act, the consumption tax shall be collected by
12 the lessor on the rental or lease price.

13 (9) In the case of taxable property or services purchased outside of
14 the State of Nebraska and brought into the State of Nebraska for use or
15 consumption in the State of Nebraska, the purchaser shall remit the
16 consumption tax on a form prescribed by the Tax Commissioner. Such form
17 shall be made available on the Department of Revenue's website. The tax
18 shall be due the month following the purchase date of the taxable
19 property or services.

20 (10) In the case of wages or salary paid by a taxable employer which
21 are taxable services, the employer shall remit the consumption tax in the
22 month following the date that the wages were paid.

23 (11) Property or services purchased for a business purpose in a
24 trade or business or for sale outside of the State of Nebraska and sold
25 untaxed that are subsequently converted to personal use in the State of
26 Nebraska shall be deemed purchased at the time of conversion and shall be
27 subject to the consumption tax at the fair market value of the converted
28 property as of the date of conversion. The tax shall be due as if the
29 property had been sold at the fair market value during the month of
30 conversion. The person using or consuming the converted property is
31 liable for and shall remit the tax on a form prescribed by the Tax

1 Commissioner.

2 (12) If gross payment for taxable property or services is made in
3 other than money, then the person responsible for collecting and
4 remitting the tax shall remit the tax in money as if gross payment had
5 been made in money at the tax inclusive fair market value of the taxable
6 property or services purchased. This subsection shall not apply if the
7 tax inclusive fair market value of the property or services being
8 exchanged is less than twenty-five dollars.

9 (13) Real estate shall be taxed in the following way:

10 (a) The building and sale of a new structure, such as a dwelling, a
11 barn, a warehouse, or other building, shall be subject to the consumption
12 tax as long as the building or structure is never to be used for business
13 purposes;

14 (b) The building and sale of an addition to a structure, such as a
15 dwelling, a barn, a warehouse, or other building, shall be subject to the
16 consumption tax;

17 (c) The remodeling and sale of an already existing structure, such
18 as a dwelling, a barn, a warehouse, or other building, shall be subject
19 to the consumption tax;

20 (d) The sale of an already existing structure, such as a dwelling, a
21 barn, a warehouse, or other building, by any agent other than the seller
22 or purchaser of the real property shall be considered a taxable service
23 subject to the consumption tax in the following way:

24 (i) Any commission or fee imposed by an agent representing the
25 seller of the real property shall be subject to the consumption tax; and

26 (ii) Any commission or fee imposed by an agent representing the
27 purchaser of the real property shall be subject to the consumption tax;
28 and

29 (e) Land shall not be subject to the consumption tax.

30 (14) Insurance shall be taxed in the following way:

31 (a) Insurance premiums shall be subject to an insurance premium tax,

1 which is an excise tax, and shall not be subject to the consumption tax;
2 and

3 (b) Insurance claims shall not be subject to the consumption tax.

4 Sec. 8. (1) No consumption tax shall be imposed on any taxable
5 property or service that is subject to an excise tax in this state. For
6 purposes of this subsection, excise tax means and includes:

7 (a) The tax on motor fuels under section 66-489;

8 (b) The tax on cigarettes under section 77-2602;

9 (c) The taxes on alcohol-related products under sections 53-160,
10 53-160.04, and 53-162;

11 (d) The tax on insurance premiums under section 77-908;

12 (e) The nameplate capacity tax under section 77-6203;

13 (f) Motor vehicle registration fees under the Motor Vehicle
14 Registration Act;

15 (g) The aircraft fuel tax under section 3-148;

16 (h) The documentary stamp tax under section 76-901;

17 (i) The petroleum release remedial action fee under section 66-1521;

18 (j) The state and county lodging taxes under the Nebraska Visitors
19 Development Act;

20 (k) The oil and gas severance tax under section 57-702;

21 (l) The corporate occupation tax under section 21-303;

22 (m) The oil and gas conservation charge under section 57-919;

23 (n) The uranium severance tax under section 57-1202; and

24 (o) All other fees imposed by government entities, including, but
25 not limited to, campsite rental fees, marriage license fees, and court
26 filing fees.

27 (2)(a) No consumption tax shall be imposed on any taxable property
28 or service purchased for a business purpose in a trade or business.

29 (b) For purposes of this section, the term purchased for a business
30 purpose in a trade or business means purchased by a person engaged in a
31 trade or business and used in that trade or business:

1 (i) For resale;

2 (ii) To produce, provide, render, or sell taxable property or
3 services; or

4 (iii) In furtherance of other bona fide business purposes.

5 (3)(a) No consumption tax shall be imposed on any taxable property
6 or service purchased for an investment purpose and held exclusively for
7 an investment purpose.

8 (b) For purposes of this section, the term purchased for an
9 investment purpose means purchased exclusively for purposes of
10 appreciation or the production of income.

11 (4) No consumption tax shall be imposed on any taxable property or
12 service used for educational purposes.

13 (5)(a) No consumption tax shall be imposed on used property.

14 (b) Any person selling only used goods at a garage sale, yard sale,
15 rummage sale, flea market, or farmers market shall not be held liable for
16 collecting and remitting the consumption tax.

17 (c) Any person owning or operating a thrift store or second-hand
18 store selling only used goods to the general public shall not be held
19 liable for collecting and remitting the consumption tax.

20 (d) Any person owning or operating a used-car lot where only used
21 cars are sold to the general public shall not be held liable for
22 collecting and remitting the consumption tax.

23 (e) Any person owning or operating a used-book store where only used
24 books are sold to the general public shall not be held liable for
25 collecting and remitting the consumption tax.

26 (f) Any person owning or operating any other kind of store or market
27 where only used items are sold to the general public shall not be held
28 liable for collecting and remitting the consumption tax.

29 (6) No consumption tax shall be imposed on groceries purchased for
30 off-premises consumption.

31 (7)(a) Any person engaging in a trade or business, including farms

1 and ranches, may apply for a tax-exempt certificate from the Tax
2 Commissioner to be used when such person makes purchases for a business
3 purpose in a trade or business as defined in subdivision (2)(b) of this
4 section.

5 (b) Such tax-exempt certificate shall contain a consumption tax
6 identification number that is unique to the person applying for the
7 certificate.

8 (c) The Tax Commissioner shall adopt and promulgate rules and
9 regulations for applying for a tax-exempt certificate by September 1,
10 2025.

11 (d) By no later than October 1, 2025, the Tax Commissioner shall
12 create an application for a tax-exempt certificate and shall make such
13 application available in electronic form on the website of the Department
14 of Revenue and in paper form at designated offices of the Department of
15 Revenue as determined by the Tax Commissioner. The Tax Commissioner shall
16 also mail a paper application form through the United States Postal
17 Service whenever a written request for such form is received by the Tax
18 Commissioner and such request contains the name of a business operating
19 in Nebraska or the name of a person who is a legal resident of Nebraska
20 and a legal address in the United States of America.

21 (e) When property or services are purchased for a business purpose
22 in a trade or business as defined in subdivision (2)(b) of this section,
23 the purchaser may present his or her tax-exempt certificate to the
24 registered seller who shall record the identification number on the
25 certificate and refrain from imposing the consumption tax.

26 (f) The registered seller shall keep a record of the tax-exempt
27 transaction along with the identification number on the tax-exempt
28 certificate for a period of at least three years following the date of
29 the transaction. A record of the purchaser's identification number on the
30 tax-exempt certificate shall normally constitute sufficient evidence to
31 absolve the registered seller of any illicit wrongdoing or fraud when the

1 transaction was made. The burden of proof shall lie with the purchaser to
2 demonstrate that the tax-exempt transaction was a lawful transaction.

3 (g) The Tax Commissioner may issue a tax-exempt certificate in the
4 form of a card with microchip technology to protect the identification
5 number of the tax-exempt certificate from public view. The Tax
6 Commissioner may adopt and promulgate rules and regulations for using
7 such card with registered sellers.

8 Sec. 9. (1) The consumption tax imposed under the Nebraska EPIC
9 Option Consumption Tax Act is a destination principle tax. This section
10 shall govern for purposes of determining whether the destination of
11 taxable property and services is within or outside of the State of
12 Nebraska.

13 (2) The destination of tangible personal property shall be the state
14 or territory in which the property was first delivered to the purchaser,
15 including agents and authorized representatives.

16 (3) The destination of real property, or rents or leaseholds on real
17 property, shall be the state or territory in which the real property is
18 located.

19 (4) The destination of any other taxable property, including
20 intangible property, shall be the residence of the purchaser.

21 (5)(a) Unless provided otherwise in this section, the destination of
22 services shall be the state or territory in which the use or consumption
23 of the services occurred. Allocation of service invoices relating to more
24 than one jurisdiction shall be on the basis of time or another method
25 determined by rule and regulation of the Tax Commissioner.

26 (b) The destination of telecommunications services shall be the
27 residence of the purchaser. Telecommunications services include
28 telephone, including cell phone, beeper, radio, cable television,
29 satellite, and computer online or network services.

30 (c) For transportation services where both the origin and the final
31 destination are within the State of Nebraska, the destination of the

1 transportation services shall be the State of Nebraska. For
2 transportation services where the final destination is outside the State
3 of Nebraska but the origin of the trip is inside the State of Nebraska,
4 the service amount shall be deemed one hundred percent attributable to
5 the State of Nebraska. For transportation services that originate outside
6 the State of Nebraska but the final destination is inside the State of
7 Nebraska, the service amount shall be deemed zero percent attributable to
8 the State of Nebraska.

9 (d) The destination of electrical services shall be the residence of
10 the purchaser.

11 (e) The destination of financial intermediation services as defined
12 in section 27 of this act shall be the location where the transaction
13 originated.

14 (f)(i) Except as provided in subdivision (5)(f)(ii) of this section,
15 the destination of rents paid for the lease of tangible property and
16 leaseholds on such property shall be where the property is located while
17 in use.

18 (ii) The destination of rental and lease payments on land vehicles,
19 aircraft, and watercraft shall be:

20 (A) In the case of rentals and leases of a term of one month or
21 less, the location where the land vehicle, aircraft, or watercraft was
22 originally delivered to the renter or lessee; and

23 (B) In the case of rentals and leases of a term greater than one
24 month, the residence of the renter or lessee.

25 Sec. 10. (1) Except as otherwise provided in this section, on or
26 before the fifteenth day of each month, each registered seller or person
27 who is liable to collect and remit the consumption tax or who is liable
28 to pay any consumption tax which is not collected shall submit to the Tax
29 Commissioner, on a form prescribed by the Tax Commissioner, a report
30 relating to the previous calendar month along with the consumption taxes
31 due for such month in the proper manner and form prescribed by the Tax

1 Commissioner. The content of such report shall include:

2 (a) The gross payments received for the month;

3 (b) The tax collected in connection with such payments;

4 (c) The amount and type of any credit claimed; and

5 (d) Any other information reasonably required by the Tax
6 Commissioner for the administration, collection, and remittance of the
7 consumption tax.

8 (2) The Tax Commissioner may adopt and promulgate rules and
9 regulations granting to registered sellers whose yearly tax liability is
10 less than three thousand dollars the privilege of remitting consumption
11 taxes on a quarterly basis, and those whose yearly tax liability is less
12 than nine hundred dollars the privilege of remitting consumption taxes on
13 an annual basis.

14 (3) A registered seller shall deduct and withhold, from the
15 consumption taxes otherwise due from him or her, twenty-five hundredths
16 of one percent of the consumption taxes collected in order to reimburse
17 himself or herself for the cost of collecting the tax.

18 (4)(a) On application, an extension of thirty days to file the
19 report and to remit the tax due under subsection (1) of this section
20 shall be automatically granted if the application is made on or before
21 the due date on a form prescribed by the Tax Commissioner.

22 (b) On application, an extension of sixty days to file the report
23 and to remit the tax due under subsection (1) of this section may be
24 granted by the Tax Commissioner if reasonable cause for the delay is
25 presented in writing to the Tax Commissioner on a form prescribed by the
26 Tax Commissioner. The sixty-day extension shall be liberally granted.

27 (c) No extensions beyond sixty days shall be granted by the Tax
28 Commissioner.

29 (5) A registered seller may remit the taxes due in electronic form
30 or by check, credit card, draft, money order, or other payment approved
31 by the Tax Commissioner. Post-dated checks and postage stamps shall not

1 be sent as payment. Cash may be used when payment is made in person at a
2 designated office of the Department of Revenue as determined by the Tax
3 Commissioner.

4 (6)(a) For purposes of this subsection:

5 (i) Large seller means any seller that has collected more than one
6 hundred thousand dollars of consumption taxes in the previous twelve
7 months; and

8 (ii) Week means the seven-day period ending on a Saturday.

9 (b) A large seller shall remit to the Tax Commissioner the entire
10 balance of consumption taxes due on the first Monday or first business
11 day following the end of each week. The Tax Commissioner may by rule and
12 regulation require the electronic transfer of funds due from large
13 sellers to the Tax Commissioner.

14 (c) A large seller is required to provide security in an amount
15 equal to the greater of one hundred thousand dollars or one and one-half
16 times the seller's average monthly tax liability during the previous six
17 calendar months. Security may be a cash bond, a bond from a surety
18 company approved by the Tax Commissioner, a certificate of deposit, or a
19 state or United States treasury bond. A bond qualifying under this
20 subdivision must be a continuing instrument for each calendar year or
21 portion thereof that the bond is in effect. The bond must remain in
22 effect until the surety or sureties are released and discharged. Failure
23 to provide security in accordance with this subdivision shall result in
24 revocation of the large seller's registration. Upon receipt of an
25 application on a form prescribed by the Tax Commissioner, a large seller
26 may, at the discretion of the Tax Commissioner, be allowed to operate
27 without complying with this subdivision for a period not to exceed six
28 months. If a person has provided security pursuant to this subdivision,
29 the security or part of the security may be forfeited in favor of the Tax
30 Commissioner to the extent of the consumption tax due plus any interest
31 if:

1 (i) The large seller fails to pay an amount indicated in a final
2 notice of an amount due within thirty days of the notice;

3 (ii) Either the time for filing an appeal has passed or the appeal
4 has been denied; and

5 (iii) The amount due is not being litigated in any judicial forum.

6 (7) The report required under this section shall be deemed properly
7 filed with the Tax Commissioner when:

8 (a) The report is deposited into the United States mail, postage
9 paid, properly addressed to the Department of Revenue, and bearing a
10 postmark on or before the due date as determined by this section;

11 (b) The report is delivered in person and accepted at a designated
12 office of the Department of Revenue on or before the due date as
13 determined by this section;

14 (c) The report is provided to a designated commercial private
15 courier service for delivery within two days to the designated office of
16 the Department of Revenue and the receipt bears a date on or before the
17 due date as determined by this section; or

18 (d) The report is delivered by other means permitted by the Tax
19 Commissioner on or before the due date as determined by this section.

20 (8) The Tax Commissioner shall establish a system under which a
21 violation of the Nebraska EPIC Option Consumption Tax Act can be brought
22 to the attention of the Tax Commissioner for investigation through the
23 use of a hotline or toll-free telephone number, through online reporting,
24 or otherwise.

25 (9) The Tax Commissioner is hereby authorized to develop and
26 maintain a program of awards in which individuals may be recognized and
27 rewarded in a manner deemed appropriate by the Tax Commissioner for
28 discovering, reporting, and prosecuting tax fraud.

29 Sec. 11. (1) Any person liable to collect and remit consumption
30 taxes as provided in the Nebraska EPIC Option Consumption Tax Act shall
31 register with the Tax Commissioner, including:

1 (a) Any person who is engaged in a trade or business; and

2 (b) Any person located outside this state who is engaged in sales of
3 taxable property or services into this state, including retail sales,
4 remote or internet sales, and the provision of financial intermediation
5 services.

6 (2) Affiliated firms shall be treated as one person for purposes of
7 this section. Affiliated firms may elect, upon giving notice to the Tax
8 Commissioner in a manner prescribed by the Tax Commissioner, to treat
9 separate firms as separate persons.

10 (3) Every person registered pursuant to subsection (1) of this
11 section shall designate a tax matters person who shall be an individual
12 whom the Tax Commissioner may contact regarding tax matters. Each person
13 registered must provide notice of a change in the identity of the tax
14 matters person within thirty days of such change.

15 (4) Any person who is required to register and who fails to do so is
16 prohibited from selling taxable property or services. The Tax
17 Commissioner may bring an action seeking a temporary restraining order,
18 an injunction, or such other order as may be deemed appropriate to
19 enforce this section.

20 (5) The Tax Commissioner may adopt and promulgate rules and
21 regulations for the issuing of certificates to persons required to
22 register under this section.

23 Sec. 12. (1) Registered sellers and other persons shall report
24 transactions using the cash method of accounting unless an election to
25 use the accrual method of accounting is made pursuant to subsection (2)
26 of this section.

27 (2) A person may elect with respect to a calendar year to remit
28 taxes and report transactions with respect to the month in which the sale
29 was invoiced and accrued.

30 Sec. 13. (1) Any person who is required to register under section
31 11 of this act but fails to do so prior to notification by the Tax

1 Commissioner shall be liable for a civil penalty of five hundred dollars.

2 (2)(a) Any person who is required to and who recklessly or willfully
3 fails to collect taxes imposed by the Nebraska EPIC Option Consumption
4 Tax Act has committed an act of fraud and shall be liable for a civil
5 penalty equal to the greater of five hundred dollars or twenty percent of
6 the tax not collected.

7 (b) Any person who is required to and who willfully fails as part of
8 a trade or business to collect taxes imposed by the act shall be guilty
9 of a Class IV felony.

10 (3)(a) Any person who recklessly or willfully asserts an invalid
11 exemption from the consumption tax has committed an act of fraud and
12 shall be liable for a civil penalty equal to the greater of five hundred
13 dollars or twenty percent of the tax not collected.

14 (b) Any person who willfully asserts an invalid exemption from the
15 consumption tax shall be guilty of a Class IV felony.

16 (4)(a) Any person who is required to and who recklessly or willfully
17 fails to remit consumption taxes collected from purchasers has committed
18 an act of fraud and shall be liable for a civil penalty equal to the
19 greater of one thousand dollars or thirty percent of the taxes not
20 remitted.

21 (b) Any person who willfully fails to remit consumption taxes
22 collected from purchasers shall be guilty of a Class IV felony.

23 (5) Any person who is required to and who recklessly or willfully
24 fails to pay consumption taxes shall be liable for a civil penalty equal
25 to the greater of five hundred dollars or one hundred percent of the tax
26 not paid.

27 (6)(a) In the case of a failure by any person who is required to and
28 who fails to file a report required under section 10 of this act on or
29 before the due date for such report, such person shall pay a penalty for
30 each month or fraction thereof that such report is late equal to the
31 greater of fifty dollars or one-half of one percent of the gross payments

1 required to be shown on the report.

2 (b) The amount of the penalty under subdivision (6)(a) of this
3 section shall be doubled with respect to any report filed after a written
4 inquiry regarding such report is received by the taxpayer from the Tax
5 Commissioner.

6 (c) No penalty shall be imposed under this subsection with respect
7 to any failure to submit a report if it can be shown that such failure
8 was due to reasonable cause.

9 (d) In addition to penalties not imposed by reason of subdivision
10 (6)(c) of this section, the Tax Commissioner shall, upon application or
11 appeal, waive the penalty imposed pursuant to this subsection once per
12 registered person per twenty-four-month period. This waiver shall not
13 apply to any decision of a court.

14 (7)(a) Any person who recklessly or willfully uses a tax-exempt
15 certificate to purchase items for personal use, as a gift to another
16 person, or for resale to another person has committed an act of fraud and
17 shall be liable for a civil penalty equal to the greater of five hundred
18 dollars or one hundred percent of the tax not collected.

19 (b) Any person who willfully uses a tax-exempt certificate to
20 purchase items for personal use, as a gift to another person, or for
21 resale to another person shall be guilty of a Class IV felony.

22 (8) Any person who recklessly or willfully accepts a false tax-
23 exempt certificate shall pay a civil penalty equal to twenty percent of
24 the tax not collected by reason of such acceptance.

25 (9) Any person who is required to timely remit consumption taxes and
26 who remits such taxes more than one month after the taxes are due shall
27 pay a civil penalty equal to one percent of the amount due per month or
28 fraction thereof from the due date. The penalty imposed by this
29 subsection shall never exceed twenty-four percent.

30 (10) In addition to other penalty reductions allowed under this
31 section, any person who is required to pay a civil penalty under the

1 Nebraska EPIC Option Consumption Tax Act may have such penalty reduced to
2 one-half the amount owed, at the discretion of the Tax Commissioner, when
3 it can be shown that the lack of payment was due to hardship or
4 reasonable cause.

5 (11) If any check or money order in payment of any amount due under
6 the Nebraska EPIC Option Consumption Tax Act is not duly paid, in
7 addition to other penalties provided by law, the person who tendered such
8 check or money order shall pay a civil penalty equal to the greater of:

9 (a) Twenty-five dollars; or

10 (b) Two percent of the amount of the check or money order.

11 (12) The tax matters person designated pursuant to section 11 of
12 this act and responsible officers or partners of a firm shall be jointly
13 and severally liable for the consumption tax and any penalties imposed
14 under the act.

15 (13) If more than one person is liable with respect to any tax or
16 penalty imposed under the act, each person who paid such tax or penalty
17 shall be entitled to recover from other persons who are liable for such
18 tax or penalty an amount equal to the excess of the amount paid by such
19 person over such person's proportionate share of the tax or penalty in
20 accordance with rules and regulations adopted and promulgated by the Tax
21 Commissioner. Such rules and regulations may take culpability into
22 account when allocating liability for the tax or penalty among
23 responsible officers or partners.

24 (14) The fact that a civil penalty has been imposed shall not
25 prevent the imposition of a criminal fine.

26 (15) The fact that a criminal fine has been imposed shall not
27 prevent the imposition of a civil penalty.

28 Sec. 14. In all disputes concerning consumption taxes, the person
29 engaged in a dispute with the Tax Commissioner shall have the burden of
30 production of documents and records but the Tax Commissioner shall have
31 the burden of persuasion. In all disputes concerning an exemption claimed

1 by the purchaser, if the seller has on file a tax-exempt certificate from
2 the purchaser and did not have reasonable cause to believe that the
3 certificate was improperly provided by the purchaser with respect to such
4 purchase, then the burden of production of documents and records relating
5 to such exemption shall rest with the purchaser and not with the seller.

6 Sec. 15. (1) Persons are subject to administrative summons by the
7 Tax Commissioner for documents, records, and testimony required by the
8 Tax Commissioner to accurately determine liability for the consumption
9 tax. A summons shall be served by the Tax Commissioner by an attested
10 copy delivered in hand to the person to whom it is directed or left at
11 his or her last-known address. The summons shall describe with reasonable
12 certainty what is sought.

13 (2) The Tax Commissioner has the authority to conduct at a
14 reasonable time and place assessments, examinations, and audits of
15 persons who are or may be liable to collect and remit the consumption tax
16 and to examine the books, papers, documents, records, software, and other
17 data of such persons which may be relevant or material to the
18 determination of tax due.

19 (3) No administrative summons may be issued by the Tax Commissioner
20 and no action may be commenced to enforce an administrative summons with
21 respect to any person if a referral to the Attorney General's office is
22 in effect with respect to such person relating to a tax imposed by the
23 Nebraska EPIC Option Consumption Tax Act. Such referral is in effect with
24 respect to any person if the Tax Commissioner has recommended to the
25 Attorney General's office a grand jury investigation of such person or a
26 criminal prosecution of such person that contemplates criminal sanctions
27 under the act. A referral shall be terminated when:

28 (a) The Attorney General's office notifies the Tax Commissioner that
29 the Attorney General will not:

30 (i) Prosecute such person for any offense connected with the tax
31 laws;

1 (ii) Authorize a grand jury investigation of such person with
2 respect to such offense; or

3 (iii) Continue such a grand jury investigation; or

4 (b) A final disposition has been made of any criminal proceeding
5 connected with tax laws against such person.

6 Sec. 16. Any person liable to remit consumption taxes shall keep
7 records in paper or electronic form that are sufficient to determine the
8 amounts reported, collected, and remitted for a period of three years
9 after the later of the filing of the report for which the records formed
10 the basis or the date when the report was due to be filed. Such records
11 shall include documentation for all sales that were exempt under
12 subsection (2) of section 8 of this act, including the purchasers' tax-
13 exempt certificates and tax identification numbers and the net of tax
14 amounts of purchase. Any purchaser who purchased taxable property or
15 services but did not pay tax by reason of asserting such an exemption
16 shall keep records sufficient to determine whether such exemption was
17 valid for a period of three years after the purchase of taxable property
18 or services.

19 Sec. 17. (1) For each purchase of taxable property or services for
20 which a consumption tax is imposed, the registered seller shall provide
21 the purchaser with a receipt for each transaction that includes:

22 (a) The property or service;

23 (b) The sales price of such property or service exclusive of tax;

24 (c) The amount of consumption tax paid;

25 (d) The property or service price inclusive of the consumption tax;

26 (e) The consumption tax rate;

27 (f) The date that the property or service was purchased;

28 (g) The name of the registered seller, retailer, or vendor;

29 (h) The address of the registered seller, retailer, or vendor; and

30 (i) The registered seller's consumption tax registration number;

31 (2) The tax imposed by the Nebraska EPIC Option Consumption Tax Act

1 shall apply to all vending machines. For purposes of this subsection,
2 vending machines are machines that dispense taxable property or services
3 in exchange for coins or currency. Vending machines shall not be required
4 to dispense the receipt described in subsection (1) of this section.

5 (3) The requirements of subsection (1) of this section shall not
6 apply in the case of financial intermediation services as defined in
7 section 27 of this act.

8 Sec. 18. (1) The proceeds of the taxes paid pursuant to the
9 Nebraska EPIC Option Consumption Tax Act shall be collected by the
10 Department of Revenue and remitted to the State Treasurer for credit to
11 the General Fund.

12 (2) The State Treasurer shall be responsible for disbursing the
13 revenue in accordance with the state's budget and any other outstanding
14 liabilities.

15 Sec. 19. (1) The Tax Commissioner may seize property, garnish wages
16 or salary, and file liens to collect amounts due under the Nebraska EPIC
17 Option Consumption Tax Act pursuant to enforcement of:

18 (a) A judgment duly rendered by a court of law;

19 (b) An amount due if the taxpayer has failed to exercise his or her
20 appeal rights under the act; or

21 (c) An amount due if the appeal process determined that an amount
22 remained due and the taxpayer has failed to timely petition a court for
23 relief.

24 (2) Subject to such reasonable rules and regulations as the Tax
25 Commissioner may adopt and promulgate, any lien imposed with respect to a
26 consumption tax shall be released not later than thirty days after:

27 (a) The liability was satisfied or became unenforceable; or

28 (b) A bond was accepted as security.

29 Sec. 20. Decisions of the Tax Commissioner under the Nebraska EPIC
30 Option Consumption Tax Act may be appealed, and the appeal shall be in
31 accordance with the Administrative Procedure Act.

1 Sec. 21. In all disputes concerning consumption taxes, the person
2 engaged in a dispute with the Tax Commissioner may be entitled to
3 reasonable attorney's fees, accountancy fees, and other reasonable
4 professional fees incurred in direct relation to the dispute unless the
5 Tax Commissioner establishes that his or her position was substantially
6 justified.

7 Sec. 22. No addition to tax shall be made under section 13 of this
8 act with respect to a period during which a case is pending under Title
9 11 of the United States Code:

10 (1) If such tax was incurred by the estate and the failure occurred
11 pursuant to an order of the court finding probable insufficiency of funds
12 of the estate to pay administrative expenses; or

13 (2) If (a) such tax was incurred by the debtor before the earlier of
14 the order for relief or, in the involuntary case, the appointment of a
15 trustee and (b) the petition was filed before the due date prescribed by
16 law, including extensions, for filing a return of such tax, or the date
17 for making the addition to tax occurs on or after the date the petition
18 was filed.

19 Sec. 23. (1) Any person selling one or more chances is a gaming
20 sponsor and shall register, in a form prescribed by the Tax Commissioner,
21 with the Tax Commissioner as a gaming sponsor, except that a not-for-
22 profit organization as defined in section 26 of this act that has gross
23 receipts from the sale of chances of less than five thousand dollars
24 during any calendar year shall not be required to register.

25 (2) For purposes of this section, the term chance means a lottery
26 ticket, a raffle ticket, chips, other tokens, a bet placed, a wager
27 placed, or any similar device where the purchase of the right gives rise
28 to an obligation by the gaming sponsor to pay upon the occurrence of:

29 (a) A random or unpredictable event; or

30 (b) An event over which neither the gaming sponsor nor the person
31 purchasing the chance has control over the outcome.

1 (3) The taxable gaming services of a gaming sponsor shall be subject
2 to the consumption tax. For purposes of this section, taxable gaming
3 services means the gross receipts of the gaming sponsor from the sale of
4 chances.

5 (4) The consumption tax shall be collected and remitted by the
6 gaming sponsor. The tax shall be remitted by the fifteenth day of each
7 month with respect to taxable gaming services during the previous
8 calendar month.

9 Sec. 24. (1) Purchases of taxable property or services by the
10 federal government shall be subject to the consumption tax.

11 (2) Purchases of taxable property or services by state governments,
12 including the State of Nebraska, and any political subdivisions shall be
13 subject to the consumption tax.

14 Sec. 25. (1) Nothing in the Nebraska EPIC Option Consumption Tax
15 Act shall be construed to exempt any federal, state, or local
16 governmental unit or political subdivision operating a government
17 enterprise from collecting and remitting the consumption tax on any sale
18 of taxable property or services. Government enterprises shall comply with
19 all duties imposed by the act and shall be liable for penalties and
20 subject to enforcement actions in the same manner as private persons that
21 are not government enterprises.

22 (2) For purposes of this section, government enterprise means any
23 entity owned or operated by a federal, state, or local governmental unit
24 or political subdivision that receives gross payments from private
25 persons, except that a government-owned entity shall not be considered a
26 government enterprise for purposes of this section unless in any calendar
27 month it has revenue from selling taxable property or services exceeding
28 one thousand dollars.

29 (3) Government enterprises shall not be subject to tax on purchases
30 that would not be subject to tax if the government enterprise were a
31 private enterprise, except that government enterprises may not use such

1 exemption to serve as a conduit for tax-free purchases by government
2 units that would otherwise be subject to taxation on purchases pursuant
3 to section 24 of this act. Transfers of taxable property or services
4 purchased exempt from tax from a government enterprise to such government
5 unit shall be taxable.

6 (4) Any government enterprise must maintain books of account,
7 separate from the nonenterprise government accounts, maintained in
8 accordance with generally acceptable accounting principles.

9 (5) A government enterprise shall be treated as a trade or business
10 for purposes of the Nebraska EPIC Option Consumption Tax Act.

11 (6) A transfer of funds to a government enterprise by a government
12 entity without full consideration shall constitute a taxable government
13 purchase within the meaning of section 24 of this act to the extent that
14 the transfer of funds exceeds the fair market value of the consideration.

15 Sec. 26. (1) For purposes of this section, not-for-profit
16 organization means a not-for-profit organization organized and operated
17 exclusively:

18 (a) For religious purposes;

19 (b) For charitable purposes;

20 (c) For scientific purposes;

21 (d) For purposes of testing for public safety;

22 (e) For literary purposes;

23 (f) For educational purposes;

24 (g) For purposes of civic duty or social welfare;

25 (h) For labor purposes;

26 (i) For agricultural or horticultural purposes;

27 (j) As chambers of commerce, business leagues, or trade
28 associations; or

29 (k) As fraternal beneficiary societies, orders, lodges, or
30 associations, of which no part of the net earnings inures to the benefit
31 of any private shareholder or individual.

1 (2) Any not-for-profit organization shall be required to pay the
2 consumption tax, except that no tax shall be imposed on employee wages or
3 salary.

4 Sec. 27. (1) For purposes of this section:

5 (a) Explicitly charged fees for financial intermediation services
6 includes:

7 (i) Brokerage fees;

8 (ii) Explicitly stated banking, loan, automatic teller machine, or
9 other similar fees;

10 (iii) Safe-deposit box fees;

11 (iv) Insurance premiums, to the extent such premiums are not
12 allocable to the investment account of the underlying insurance policy;

13 (v) Trustees' fees; and

14 (vi) Other financial services fees, including mutual fund management
15 fees, sales fees, and exit fees;

16 (b) Financial intermediation services means the sum of:

17 (i) Explicitly charged fees for financial intermediation services;
18 and

19 (ii) Implicitly charged fees for financial intermediation services;

20 (c) Gross imputed amount means:

21 (i) With respect to any underlying interest-bearing investment or
22 account, the product of:

23 (A) The excess, if any, of the basic interest rate as described in
24 section 29 of this act over the rate paid on such investment; and

25 (B) The amount of the investment or account; and

26 (ii) With respect to any underlying interest-bearing debt, the
27 product of:

28 (A) The excess, if any, of the rate paid on such debt over the basic
29 interest rate as described in section 29 of this act; and

30 (B) The amount of the debt; and

31 (d) Implicitly charged fees for financial intermediation services

1 includes the gross imputed amount in relation to any underlying interest-
2 bearing investment, account, or debt.

3 (2) For purposes of the Nebraska EPIC Option Consumption Tax Act,
4 the seller of financial intermediation services shall be:

5 (a) In the case of explicitly charged fees for financial
6 intermediation services, the person who receives the gross payments for
7 the charged financial intermediation services;

8 (b) In the case of implicitly charged fees for financial
9 intermediation services with respect to any underlying interest-bearing
10 investment or account, the person making the interest payments on the
11 interest-bearing investment or account; and

12 (c) In the case of implicitly charged fees for financial
13 intermediation services with respect to any interest-bearing debt, the
14 person receiving the interest payments on the interest-bearing debt.

15 (3) The consumption tax on financial intermediation services with
16 respect to an underlying investment account or debt shall be imposed and
17 collected with the same frequency that statements are rendered by the
18 financial institution in connection with the investment account or debt
19 but not less frequently than quarterly.

20 (4) Financial intermediation services shall be deemed as used or
21 consumed within the State of Nebraska if the person purchasing the
22 services is a resident of the State of Nebraska.

23 (5) Any person that provides financial intermediation services to
24 Nebraska residents must, as a condition of lawfully providing such
25 services, designate, in a form prescribed by the Tax Commissioner, a tax
26 representative for purposes of the Nebraska EPIC Option Consumption Tax
27 Act. The tax representative shall be responsible for ensuring that the
28 consumption tax is collected and remitted and shall be jointly and
29 severally liable for collecting and remitting such tax. The Tax
30 Commissioner may bring an action seeking a temporary restraining order,
31 an injunction, or such other order as may be appropriate to enforce this

1 subsection.

2 Sec. 28. (1) For purposes of this section, financing lease means
3 any lease under which the lessee has the right to acquire the property
4 for fifty percent or less of its fair market value at the end of the
5 lease term.

6 (2) Financing leases shall be subject to the consumption tax as
7 prescribed in this section.

8 (3) The Tax Commissioner shall adopt and promulgate rules and
9 regulations for disaggregating the principal and interest components of a
10 financing lease. The principal amount shall be determined to the extent
11 possible by examination of the contemporaneous sales price of property
12 the same or similar as the leased property.

13 (4) In the event that contemporaneous sales prices or property the
14 same or similar as the leased property are not available, the principal
15 and interest components of a financing lease shall be disaggregated using
16 the applicable interest rate as determined under section 30 of this act
17 plus four percent.

18 (5) The principal component of the financing lease shall be subject
19 to tax as if a purchase in the amount of the principal component had been
20 made on the day on which such lease was executed.

21 (6) The financial intermediation services amount with respect to the
22 interest component of the financing lease shall be subject to the
23 consumption tax.

24 (7) If the principal component and financial intermediation services
25 amount with respect to the interest component of a lease have been taxed
26 pursuant to this section, then the gross lease or rental payments shall
27 not be subject to additional tax.

28 Sec. 29. For the purposes of the Nebraska EPIC Option Consumption
29 Tax Act, the basic interest rate with respect to a debt instrument,
30 investment, financing lease, or account shall be the applicable interest
31 rate as determined under section 30 of this act. For debt instruments,

1 investments, or accounts of contractually fixed interest, the applicable
2 interest rate of the month of issuance shall apply. For debt instruments,
3 investments, or accounts of variable interest rates and which have no
4 reference interest rate, the applicable interest shall be the federal
5 short-term interest rate for each month. For debt instruments,
6 investments, or accounts of variable interest rates and which have a
7 reference interest rate, the applicable interest shall be the applicable
8 interest rate for the reference interest rate for each month.

9 Sec. 30. (1) In the case of a debt instrument, investment,
10 financing lease, or account with a term of not over three years, the
11 applicable interest rate is the federal short-term rate as determined by
12 the United States Secretary of the Treasury.

13 (2) In the case of a debt instrument, investment, financing lease,
14 or account with a term of over three years but not over nine years, the
15 applicable interest rate is the federal mid-term rate as determined by
16 the United States Secretary of the Treasury.

17 (3) In the case of a debt instrument, investment, financing lease,
18 or account with a term of over nine years, the applicable interest rate
19 is the federal long-term rate as determined by the United States
20 Secretary of the Treasury.

21 (4) The Tax Commissioner shall publish the applicable rates monthly.
22 If the United States Secretary of the Treasury ceases to determine or
23 publish the relevant federal interest rates, the Tax Commissioner shall
24 determine and publish the applicable rates using the same methodology
25 used by the Secretary of the Treasury, as nearly as is practical, prior
26 to the Secretary of the Treasury discontinuing such determination or
27 publication.

28 (5) Interest on any past due consumption taxes shall be at the rate
29 specified in section 45-104.02, as such rate may from time to time be
30 adjusted.

31 Sec. 31. (1) Up to one thousand dollars of gross payments per

1 calendar year shall be exempt from the consumption tax if:

2 (a) Made by a person not in connection with a trade or business at
3 any time during such calendar year prior to making such gross payments;
4 and

5 (b) Made to purchase any taxable property or service which is
6 brought into Nebraska by such person for use or consumption by such
7 person in Nebraska.

8 (2) Up to five thousand dollars per calendar year of gross payments
9 shall be exempt from the consumption tax if received:

10 (a) By a person not in connection with a trade or business during
11 such calendar year prior to the receipt of such gross payments; and

12 (b) In connection with a casual or isolated sale.

13 (3) Up to ten thousand dollars per calendar year of gross payments
14 received by a person from the sale of financial intermediation services
15 as defined in section 27 of this act may be claimed as a credit and
16 applied to the tax imposed by the Nebraska EPIC Option Consumption Tax
17 Act. The credit provided by this subsection is in addition to other
18 credits afforded by the act. The credit provided by this subsection shall
19 not be available to large sellers as defined in section 10 of this act.

20 (4) If a registered seller provides taxable property or services to
21 a person either as a gift, prize, or reward or as remuneration for
22 employment and such taxable property or services were not previously
23 subject to tax, then the provision of such taxable property or services
24 by the registered seller shall be deemed the conversion of such taxable
25 property or services to personal use and subject to tax pursuant to
26 subsection (11) of section 7 of this act at the tax inclusive fair market
27 value of such taxable property or services.

28 (5) The substance of a transaction shall prevail over its form if:

29 (a) The transaction has no bona fide economic purpose; and

30 (b) The transaction is designed to evade the tax imposed by the
31 Nebraska EPIC Option Consumption Tax Act.

1 (6) When the last day prescribed for performing any action required
2 by the Nebraska EPIC Option Consumption Tax Act falls on a Saturday,
3 Sunday, or legal holiday, the performance of such action shall be
4 considered timely if it is performed on the next day which is not a
5 Saturday, Sunday, or legal holiday.

6 Sec. 32. (1) Inventory held by a trade or business at the close of
7 business on December 31, 2025, shall be considered qualified inventory if
8 it is sold:

9 (a) Before December 31, 2026;

10 (b) By a registered seller; and

11 (c) Subject to the tax imposed by the Nebraska EPIC Option
12 Consumption Tax Act.

13 (2) For purposes of this section, qualified inventory shall have the
14 cost that it had for federal income tax purposes for the trade or
15 business as of December 31, 2025, including any amounts capitalized by
16 reason of section 263A of the Internal Revenue Code of 1986.

17 (3) The trade or business which held the qualified inventory at the
18 close of business on December 31, 2025, shall be entitled to a
19 transitional inventory credit equal to the cost of the qualified
20 inventory, as determined in accordance with subsection (2) of this
21 section, times the rate of the consumption tax imposed by section 7 of
22 this act.

23 (4) The credit provided under subsection (3) of this section shall
24 be allowed with respect to the month when the inventory is sold subject
25 to the consumption tax. The person claiming such credit shall attach
26 supporting schedules in the form that the Tax Commissioner may prescribe.

27 (5) Qualified inventory held by registered sellers that sell such
28 qualified inventory not subject to the consumption tax shall be eligible
29 for the transitional inventory credit only if that business, or a
30 business that has successor rights pursuant to subsection (6) of this
31 section, receives certification in a form satisfactory to the Tax

1 Commissioner that the qualified inventory was subsequently sold subject
2 to the consumption tax.

3 (6) The trade or business entitled to the transitional inventory
4 credit may sell the right to receive such transitional inventory credit
5 to the purchaser of the qualified inventory that gave rise to the credit
6 entitlement. Any purchaser of such qualified inventory, or property or
7 services into which the qualified inventory has been incorporated, may
8 sell the right to such transitional inventory credit to a subsequent
9 purchaser of such qualified inventory, or property or services into which
10 the qualified inventory has been incorporated.

11 Sec. 33. (1) At least seven calendar days before the commencement
12 of an examination of the books and records of a registered seller, the
13 Department of Revenue shall provide to the registered seller through the
14 United States Postal Service a pamphlet written in simple and
15 nontechnical language containing the Nebraska Taxpayer's Bill of Rights
16 listed in section 6 of this act along with a statement explaining the
17 taxpayer's right to be represented by legal counsel during an
18 examination, a statement explaining the taxpayer's right to file an
19 appeal, and a statement explaining the taxpayer's right to know the
20 criteria and procedures used to select persons for such examinations.

21 (2) At least seven days before the issuance of a preliminary
22 assessment, the Department of Revenue shall provide to the registered
23 seller through the United States Postal Service a written description of:

24 (a) The basis for the assessment, including any penalties asserted
25 with respect to the assessment; and

26 (b) The method by which the registered seller may request an
27 administrative or judicial review of the assessment.

28 (3) At or before the issuance of a final assessment, the Department
29 of Revenue shall inform the registered seller by way of a written
30 statement of his or her right to appeal such assessment.

31 (4) Except in cases involving suspected criminal violations of the

1 tax law or other criminal activity, the Department of Revenue shall
2 conduct an examination of a registered seller during the regular business
3 hours of 8:00 a.m. to 5:00 p.m. Central Standard Time, or Mountain
4 Standard Time whenever the examination takes place where Mountain
5 Standard Time applies, during the weekdays of Monday through Friday after
6 providing written notice of the examination through the United States
7 Postal Service at least fifteen days prior to the date of the
8 examination. A registered seller who refuses a proposed time for an
9 examination on the grounds that the proposed examination date and time
10 would cause an undue burden or hardship must contact the Department of
11 Revenue to arrange an alternative date and time for such examination. The
12 alternative date and time must be agreeable to both the Department of
13 Revenue and the registered seller within reason and must be scheduled no
14 later than ninety days from the date of the original notice.

15 (5) At all stages of an examination and in any appeal of an
16 assessment, a registered seller is entitled to be assisted or
17 represented, at his or her own expense, by an authorized representative.
18 The Department of Revenue shall prescribe a form by which the registered
19 seller may designate a person to represent him or her in the conduct of
20 any proceedings, including collection proceedings, resulting from action
21 taken by the Department of Revenue. In the absence of this form, the
22 Department of Revenue or the applicable court may accept such other
23 evidence that a person is the authorized representative of a registered
24 seller as it considers appropriate. This subsection shall not be
25 construed as authorizing the practice of law before the Department of
26 Revenue or any court of law in the State of Nebraska by a person who is
27 not a licensed attorney.

28 (6) A registered seller shall be allowed to make a video or audio
29 recording of any in-person interview with any officer or employee of the
30 Department of Revenue, including the Tax Commissioner, whenever such
31 interview relates to any assessment, examination, or investigation of the

1 registered seller's tax liabilities. However, the registered seller must
2 provide reasonable advance notice to the Department of Revenue of his or
3 her intent to record the interview. Any such recording shall be at the
4 registered seller's expense and with the registered seller's own
5 equipment. Unless it can be shown that the recording has been altered,
6 edited, or tampered with in any way, such recording shall be permitted as
7 evidence in a court of law.

8 (7) The Tax Commissioner or any other employee of the Department of
9 Revenue shall be allowed to make a video or audio recording of any
10 interview with a registered seller if the registered seller is making a
11 video or audio recording of the interview or if reasonable advance notice
12 is given to the registered seller before the interview. The Tax
13 Commissioner or an employee of the Department of Revenue shall provide
14 the registered seller with a transcript or a copy of the recording, but
15 only if the registered seller interviewed provides reimbursement for the
16 cost of the transcript or reproduction of the recording. Any such
17 reproductive cost shall be reasonable as prescribed by rules and
18 regulations adopted and promulgated by the Tax Commissioner.

19 (8) For purposes of this section only, the term registered seller
20 includes any person selling taxable property or services who is or should
21 be registered with the Tax Commissioner as a registered seller.

22 Sec. 34. (1) The Department of Revenue shall maintain a continuing
23 education program to train employees of the department and to provide
24 them with a current knowledge of state and applicable federal tax laws.

25 (2) Beginning in the year 2027, the Tax Commissioner shall prepare
26 an annual report and present such report in person to the Revenue
27 Committee of the Legislature concerning information about the number and
28 kind of audits, assessments, or examinations conducted by the Department
29 of Revenue throughout the previous year. The Revenue Committee shall bear
30 the responsibility for scheduling the Tax Commissioner's annual report.

31 (3) The Department of Revenue shall be strictly forbidden from using

1 the amount of consumption taxes assessed by an employee of the Department
2 of Revenue as the basis for evaluating an employee's performance on the
3 job.

4 (4) The Tax Commissioner shall develop procedures for monitoring the
5 performance of employees of the Department of Revenue which may include
6 the use of evaluations obtained from taxpayers.

7 (5) If the Tax Commissioner or the Department of Revenue fails to
8 comply with any of the provisions of the Nebraska EPIC Option Consumption
9 Tax Act, such failure shall not prevent the Tax Commissioner or the
10 Department of Revenue from assessing any tax as provided in the act nor
11 shall it excuse any registered seller from timely complying with any time
12 limitations imposed by the act. However, if the Tax Commissioner or the
13 Department of Revenue fails to substantially comply with the provisions
14 of the act, the Tax Commissioner shall, upon application by the
15 registered seller or other good cause shown, abate any penalties
16 otherwise arising from an assessment or examination.

17 (6) The Tax Commissioner shall abate any penalty attributable to
18 erroneous written advice furnished to a registered seller by an employee
19 of the Department of Revenue. However, this subsection shall apply only
20 if the Department of Revenue's employee provided the written advice in
21 good faith while acting in his or her official capacity, the written
22 advice was reasonably relied upon by the registered seller and was in
23 response to a specific written request of the registered seller, and the
24 penalty did not result from the registered seller's failure to provide
25 adequate or accurate information.

26 Sec. 35. (1) The Tax Commissioner may enter into written agreements
27 to allow any registered seller to pay the consumption tax in installment
28 payments if the Tax Commissioner determines that such an agreement will
29 facilitate the collection of such tax. Such agreements shall be entered
30 into only regarding a tax that has been finally assessed by the Tax
31 Commissioner or the Department of Revenue and not appealed, and such

1 agreements shall not exceed a period lasting more than twelve months,
2 except that any such agreement may be renewed at the discretion of the
3 Tax Commissioner for succeeding periods not to exceed twelve months.

4 (2) The Tax Commissioner may terminate, alter, or modify any
5 installment agreement entered into under this section if:

6 (a) Information provided by the registered seller to the Tax
7 Commissioner prior to the date of such agreement was inaccurate or
8 incomplete;

9 (b) The registered seller fails to pay any installment at such time
10 the installment payment is due under such agreement;

11 (c) The registered seller fails to pay any other tax liability due
12 the Department of Revenue at the time such liability is due, unless the
13 registered seller has appealed such other tax liability;

14 (d) The financial condition of the registered seller has
15 significantly changed;

16 (e) The registered seller fails to provide a financial condition
17 update as requested by the Tax Commissioner; or

18 (f) The Tax Commissioner believes that collection of any tax to
19 which an agreement under this section relates is in jeopardy.

20 (3) The Tax Commissioner shall have sole authority and discretion to
21 enter into or to amend, modify, or terminate any installment payment
22 agreement provided for under this section. The Tax Commissioner shall
23 adopt and promulgate rules and regulations necessary for the
24 implementation of this section.

25 (4) Any county, city, or village administering its own consumption
26 tax shall have the same authority as provided to the Tax Commissioner by
27 this section relating to installment payments with respect to the
28 consumption tax administered by such county, city, or village.

29 Sec. 36. (1) All reports and report information provided to the Tax
30 Commissioner or the Department of Revenue pursuant to the Nebraska EPIC
31 Option Consumption Tax Act shall be deemed confidential, and except as

1 otherwise authorized in the act, no officer or employee, or former
2 officer or employee, of the State of Nebraska or any other person who has
3 been provided access to tax information shall disclose any such
4 information to anyone employed outside of the Department of Revenue. Any
5 violation of this subsection is a Class IV felony.

6 (2) The Tax Commissioner or an employee of the Department of Revenue
7 may disclose a report or report information of a registered seller to
8 such registered seller, the tax matters person associated with the
9 registered seller, the spouse or adult child of the registered seller, or
10 another person authorized to represent the registered seller.

11 (3) The Tax Commissioner or an employee of the Department of Revenue
12 may disclose a report or report information of a person who is
13 incompetent to the trustee or guardian of such person.

14 (4) In the case of a deceased person, the Tax Commissioner or an
15 employee of the Department of Revenue may disclose a report or report
16 information to:

17 (a) The decedent's personal representative, administrator, executor,
18 or estate trustee;

19 (b) The decedent's heir at law, next of kin, or beneficiary under a
20 will who has a material interest that will be affected by the
21 information; or

22 (c) A person who is a joint tenant with the decedent with a right of
23 survivorship.

24 (5) The Tax Commissioner or an employee of the Department of Revenue
25 may disclose a person's tax report or report information to such person's
26 trustee in bankruptcy.

27 (6) The Tax Commissioner or an employee of the Department of Revenue
28 may disclose a person's tax report or report information in compliance
29 with a court order.

30 (7) The Tax Commissioner or an employee of the Department of Revenue
31 may disclose a report or report information to the Revenue Committee of

1 the Legislature, the Appropriations Committee of the Legislature, or the
2 Executive Board of the Legislative Council if such report or information
3 does not identify any particular person, unless such person consents in
4 writing to the disclosure of such information.

5 (8) A person may waive the confidentiality rights provided in this
6 section if such waiver of rights is done in writing.

7 (9) Disclosure of a report or report information by officers,
8 agents, or employees of the Department of Revenue to other officers,
9 agents, or employees of the Department of Revenue in the ordinary course
10 of tax administration activities shall not constitute unlawful disclosure
11 of the report or report information.

12 (10) Upon request by the Governor, the Tax Commissioner shall
13 furnish reports and report information to such officers, agents, and
14 employees of the State of Nebraska as the Governor may prescribe by rule
15 and regulation or by executive order for the purpose of, and only to the
16 extent necessary for, statistical activities authorized by law.

17 (11) The Tax Commissioner or an employee of the Department of
18 Revenue may provide reports or report information for purposes of
19 academic research to researchers working at the University of Nebraska,
20 researchers working in the Nebraska state college system, researchers
21 working in the community college system, or researchers working in a
22 private college or university within the State of Nebraska if such
23 reports or report information does not identify any particular person.

24 Sec. 37. Interest on any final assessment shall accrue from the
25 date of entry of the final assessment on the total amount of its
26 components, including tax, interest, and any penalty, as one lump-sum
27 amount.

28 Sec. 38. Nothing in the Nebraska EPIC Option Consumption Tax Act
29 shall limit the ability of counties, cities, or villages from imposing a
30 separate consumption tax within the limits of the county, city, or
31 village.

1 Sec. 39. (1) Beginning in 2026, state agencies shall submit annual
2 budget requests for the operations of their respective state agencies to
3 the Governor and to the chairperson of the Appropriations Committee of
4 the Legislature by September 15.

5 (2) A state agency's annual budget request may exceed the amount
6 from the prior year by the percentage change in the Consumer Price Index
7 for All Urban Consumers published by the federal Bureau of Labor
8 Statistics.

9 (3) Notwithstanding the limit provided in subsection (2) of this
10 section, in the event of an emergency where an unforeseen contingency
11 arises, a state agency may petition the Legislature for an increase of
12 such agency's budget of up to but not more than two and one-half percent.

13 (4) Notwithstanding the limit provided in subsection (2) of this
14 section, in the event of a natural disaster where the Governor has
15 declared the affected area as a disaster area, a state agency may
16 petition the Legislature for an increase of such agency's budget of up to
17 but not more than five percent.

18 (5) This section applies to both the University of Nebraska and the
19 Nebraska state college system. The Board of Regents of the University of
20 Nebraska shall submit the budget request for the University of Nebraska
21 as prescribed in this section. The Board of Trustees of the Nebraska
22 State Colleges shall submit the budget request for the Nebraska state
23 colleges as prescribed in this section.

24 (6) Nothing in this section shall preclude the Legislature from
25 appropriating additional funds for relief or aid from the Cash Reserve
26 Fund.

27 Sec. 40. (1) Beginning in 2026, the Governor shall submit a
28 comprehensive annual statewide budget to the Legislature by December 1.
29 The Appropriations Committee of the Legislature shall approve and submit
30 a bill or bills for such comprehensive annual statewide budget for
31 approval by the Legislature. Such bill or bills shall balance expenses

1 with state revenue projected by the Nebraska Economic Forecasting
2 Advisory Board.

3 (2) Disbursement of consumption tax revenue shall be the sole
4 responsibility of the State Treasurer.

5 (3) Consumption tax revenue for each state agency shall be
6 administered and disbursed through the Department of Administrative
7 Services.

8 (4) Consumption tax revenue for political subdivisions shall be
9 administered and disbursed by the State Treasurer as provided in sections
10 41 to 54 of this act.

11 Sec. 41. For purposes of sections 41 to 47 of this act:

12 (1) Board means the Budget Equalization and Review Board created in
13 section 42 of this act;

14 (2) Political subdivision means any political subdivision of this
15 state other than a school district;

16 (3) Regional representative means an individual who is appointed to
17 the board to represent one of the five regions described in section 42 of
18 this act;

19 (4) Secretary means the Secretary of the Budget Equalization and
20 Review Board; and

21 (5) SEND score means the special expenditure needs distribution
22 score calculated under section 46 of this act.

23 Sec. 42. (1) There is hereby created the Budget Equalization and
24 Review Board. The purpose of the board is to ensure that all ninety-three
25 Nebraska counties and all political subdivisions in this state receive
26 adequate representation regarding funding for their operations.

27 (2) The board shall consist of seven members comprised of five
28 regional representatives, the secretary, and the Auditor of Public
29 Accounts or his or her designee. The five regional representatives shall
30 have the right to vote on all matters and shall represent the five
31 regions described in subsection (3) of this section. Each regional

1 representative shall meet all of the qualifications required for a county
2 commissioner. A person shall not be eligible to become a regional
3 representative unless he or she has attained the age of twenty-five
4 years, is a registered voter, and has resided in a county within the
5 relevant region for a period of at least one year prior to taking office.
6 A regional representative shall not hold any other elected office or
7 serve any other governmental entity while serving as a regional
8 representative. The secretary shall be a nonvoting, ex officio member of
9 the board. The Auditor of Public Accounts or his or her designee shall
10 also be a nonvoting, ex officio member of the board. Regional
11 representatives may hire staff as needed to assist them in their work.

12 (3) One regional representative and one alternate shall be appointed
13 to represent each of the following regions:

14 (a) The Fort Atkinson Region, which shall include the counties of
15 Cass, Sarpy, Douglas, Saunders, Washington, Dodge, Colfax, Platte, Burt,
16 Cuming, Stanton, Madison, Thurston, Wayne, Pierce, Dakota, Dixon, and
17 Cedar;

18 (b) The St. Deroin Fort Region, which shall include the counties of
19 Butler, Polk, Hamilton, York, Seward, Lancaster, Otoe, Nemaha, Johnson,
20 Richardson, Pawnee, Gage, Saline, Fillmore, Clay, Jefferson, Thayer, and
21 Nuckolls;

22 (c) The Fort Hartsuff Region, which shall include the counties of
23 Keya Paha, Boyd, Knox, Antelope, Holt, Rock, Brown, Garfield, Wheeler,
24 Loup, Blaine, Custer, Valley, Greeley, Sherman, Howard, Boone, Nance, and
25 Merrick;

26 (d) The Fort McPherson Region, which shall include the counties of
27 Perkins, Lincoln, Dawes, Buffalo, Hall, Adams, Kearney, Phelps, Gosper,
28 Frontier, Hayes, Chase, Dundy, Hitchcock, Red Willow, Furnas, Harlan,
29 Franklin, and Webster; and

30 (e) The Fort Robinson Region, which shall include the counties of
31 Sioux, Scotts Bluff, Banner, Kimball, Cheyenne, Morrill, Box Butte,

1 Dawes, Sheridan, Cherry, Garden, Deuel, Grant, Arthur, Keith, Hooker,
2 Thomas, McPherson, and Logan.

3 (4) Regional representatives and alternates shall be appointed in
4 the following manner:

5 (a) In June 2025, the county board of each of the eighteen counties
6 within the Fort Atkinson Region shall appoint a representative from their
7 respective county to serve on a search committee. The eighteen members of
8 such search committee shall appoint, by way of a majority vote, a
9 regional representative for the Fort Atkinson Region and an alternate,
10 who shall both serve four-year terms beginning on January 1, 2026. In
11 June 2029 and in June of every fourth year thereafter, the search
12 committee process shall be repeated, with each subsequent appointee
13 serving a four-year term beginning on January 1 of the relevant year. A
14 regional representative or alternate may serve two consecutive four-year
15 terms. Whenever a vacancy exists or whenever circumstances prevent the
16 regional representative from performing his or her duties, the alternate
17 may substitute for the regional representative or may fill the vacancy
18 until the next scheduled appointment;

19 (b) In June 2025, the county board of each of the eighteen counties
20 within the St. Deroin Fort Region shall appoint a representative from
21 their respective county to serve on a search committee. The eighteen
22 members of such search committee shall appoint, by way of a majority
23 vote, a regional representative for the St. Deroin Fort Region and an
24 alternate, who shall both serve two-year terms beginning on January 1,
25 2026. In June 2027 and in June of every fourth year thereafter, the
26 search committee process shall be repeated, with each subsequent
27 appointee serving a four-year term beginning on January 1 of the relevant
28 year. The initial regional representative and alternate may serve the
29 initial two-year term and two additional four-year terms. Each subsequent
30 regional representative and alternate may serve two consecutive four-year
31 terms. Whenever a vacancy exists or whenever circumstances prevent the

1 regional representative from performing his or her duties, the alternate
2 may substitute for the regional representative or may fill the vacancy
3 until the next scheduled appointment;

4 (c) In June 2025, the county board of each of the nineteen counties
5 within the Fort Hartsuff Region shall appoint a representative from their
6 respective county to serve on a search committee. The nineteen members of
7 such search committee shall appoint, by way of a majority vote, a
8 regional representative for the Fort Hartsuff Region and an alternate,
9 who shall both serve four-year terms beginning on January 1, 2026. In
10 June 2029 and in June of every fourth year thereafter, the search
11 committee process shall be repeated, with each subsequent appointee
12 serving a four-year term beginning on January 1 of the relevant year. A
13 regional representative or alternate may serve two consecutive four-year
14 terms. Whenever a vacancy exists or whenever circumstances prevent the
15 regional representative from performing his or her duties, the alternate
16 may substitute for the regional representative or may fill the vacancy
17 until the next scheduled appointment;

18 (d) In June 2025, the county board of each of the nineteen counties
19 within the Fort McPherson Region shall appoint a representative from
20 their respective county to serve on a search committee. The nineteen
21 members of such search committee shall appoint, by way of a majority
22 vote, a regional representative for the Fort McPherson Region and an
23 alternate, who shall both serve two-year terms beginning on January 1,
24 2026. In June 2027 and in June of every fourth year thereafter, the
25 search committee process shall be repeated, with each subsequent
26 appointee serving a four-year term beginning on January 1 of the relevant
27 year. The initial regional representative and alternate may serve the
28 initial two-year term and two additional four-year terms. Each subsequent
29 regional representative and alternate may serve two consecutive four-year
30 terms. Whenever a vacancy exists or whenever circumstances prevent the
31 regional representative from performing his or her duties, the alternate

1 may substitute for the regional representative or may fill the vacancy
2 until the next scheduled appointment; and

3 (e) In June 2025, the county board of each of the nineteen counties
4 within the Fort Robinson Region shall appoint a representative from their
5 respective county to serve on a search committee. The nineteen members of
6 such search committee shall appoint, by way of a majority vote, a
7 regional representative for the Fort Robinson Region and an alternate,
8 who shall both serve four-year terms beginning on January 1, 2026. In
9 June 2029 and in June of every fourth year thereafter, the search
10 committee process shall be repeated, with each subsequent appointee
11 serving a four-year term beginning on January 1 of the relevant year. A
12 regional representative or alternate may serve two consecutive four-year
13 terms. Whenever a vacancy exists or whenever circumstances prevent the
14 regional representative from performing his or her duties, the alternate
15 may substitute for the regional representative or may fill the vacancy
16 until the next scheduled appointment.

17 (5) The members of the board shall elect from among the regional
18 representatives a chairperson to oversee the operations of the board and
19 a vice-chairperson to assist the chairperson in such duties.

20 (6) The board shall meet at least once per quarter throughout the
21 calendar year, and the meetings of the board shall be subject to the Open
22 Meetings Act.

23 (7) Regional representatives shall be compensated at a rate of
24 eighty thousand dollars per year until changed by the Legislature.
25 Alternates shall be compensated at a rate of ten thousand dollars per
26 year, and they shall not be prohibited from working for a secondary,
27 nongovernmental employer. Otherwise, the requirements for an alternate
28 shall be the same as for a regional representative. Regional
29 representatives and alternates shall also be entitled to receive
30 reimbursement for expenses incurred incident to their service on the
31 board as provided in sections 81-1174 to 81-1177.

1 Sec. 43. (1) The Secretary of the Budget Equalization and Review
2 Board shall be appointed by the Governor and shall serve at the pleasure
3 of the Governor. The secretary shall serve for a term of four years
4 beginning in the year 2026 and may be reappointed by the Governor to
5 serve additional terms of office. The secretary shall be a certified
6 public accountant.

7 (2) The secretary shall create a manual for preparing budgets for
8 use by political subdivisions. The manual shall include clear directions
9 for filling out and filing any required budget forms and shall be written
10 in consultation with the Auditor of Public Accounts and the five regional
11 representatives. The manual shall be approved by a majority vote of the
12 regional representatives. The manual shall be updated as needed, but any
13 changes shall be approved by a majority vote of the regional
14 representatives. Any proposed changes to the manual shall be reported to
15 the regional representatives no less than seven days prior to a vote on
16 such changes.

17 (3) The secretary shall be responsible for maintaining a website for
18 the board. The website shall include a concise biography of each regional
19 representative and the secretary. Within three calendar days after the
20 manual described in subsection (2) of this section has been approved, the
21 secretary shall make it publicly available on the website.

22 (4) The secretary shall advise the regional representatives on
23 procedures contained in the manual, but the regional representatives
24 shall act as the liaisons between the political subdivisions within their
25 respective regions and the board.

26 (5) The secretary shall record the minutes of any board meetings,
27 shall post the minutes of each board meeting on the website described in
28 subsection (3) of this section in a timely manner, and shall make any
29 such minutes available to the public.

30 (6) The secretary shall serve the regional representatives by
31 performing any additional tasks assigned to the secretary by a majority

1 vote of the regional representatives.

2 (7) The secretary shall be compensated at a rate of eighty thousand
3 dollars per year until changed by the Legislature. The secretary shall
4 also be entitled to receive reimbursement for expenses incurred while in
5 the performance of his or her duties as provided in sections 81-1174 to
6 81-1177.

7 Sec. 44. The manual described in section 43 of this act shall
8 include the following schedule for preparing budgets:

9 (1) On or before the second Monday in May of each calendar year,
10 each county shall send in writing to each political subdivision located
11 or headquartered within the county a request to prepare a preliminary
12 budget proposal, which shall include an itemized estimate of the probable
13 revenue needed for the ensuing fiscal year, actual expenses for the
14 previous five years, a five-year average of expenses, and any requests
15 for additional expenditures. The request to prepare a preliminary budget
16 proposal shall include a thirty-day deadline for submission of such
17 proposal;

18 (2) Each county and political subdivision shall prepare a
19 preliminary budget proposal and shall make such preliminary budget
20 proposal available to the public in written or electronic form no later
21 than the second Monday in June. Each preliminary budget proposal shall
22 include an itemized estimate of probable revenue needed for the ensuing
23 fiscal year, actual expenses for the previous five years, a five-year
24 average of expenses, and any requests for additional expenditures. The
25 five-year average of expenses represents the maximum amount of funding
26 that a county or political subdivision shall receive from the state;

27 (3) If a preliminary budget proposal for a county or political
28 subdivision includes a request for additional expenditures which exceeds
29 the five-year average of expenses for the county or political subdivision
30 by more than two and one-half percent, the county or political
31 subdivision shall schedule a public hearing for its preliminary budget

1 proposal to be held between the dates of July 1 and July 30. Public
2 notice of the hearing shall be given ten business days prior to the date
3 of the hearing. The agenda for any such public hearing shall include a
4 reasonable amount of time for questions and comments from the public.
5 Additional hearing dates may be scheduled at the discretion of the
6 governing body of the county or political subdivision;

7 (4) Each county and political subdivision shall make any necessary
8 changes to its preliminary budget proposal and approve the proposal by a
9 majority vote of the governing body of such county or political
10 subdivision. Political subdivisions shall submit such proposal to the
11 county in which the political subdivision is located or headquartered by
12 August 30. Each proposal shall include an itemized estimate of probable
13 revenue needed for the ensuing fiscal year, actual expenses for the
14 previous five years, a five-year average of expenses, and any requests
15 for additional expenditures;

16 (5) Each county shall prepare a countywide budget proposal which
17 includes the county's preliminary budget proposal along with the
18 preliminary budget proposals submitted by the political subdivisions
19 located or headquartered within the county. Under no circumstances shall
20 the county alter a preliminary budget proposal submitted by a political
21 subdivision;

22 (6) Each county shall submit the countywide budget proposal to the
23 regional representative for the county, to the secretary, and to the
24 Auditor of Public Accounts on or before September 15. The countywide
25 budget proposal shall conform to the standardized form as prescribed in
26 the manual and shall include the county's and each political
27 subdivision's itemized estimate of probable revenue needed for the
28 ensuing fiscal year, actual expenses for the previous five years, a five-
29 year average of expenses, and any requests for additional expenditures;

30 (7) By September 24, each regional representative shall notify each
31 county in his or her region and each political subdivision located or

1 headquartered within a county in his or her region, indicating whether
2 the preliminary budget proposal submitted by such county or political
3 subdivision conforms to the standards described in the manual. If the
4 regional representative, the secretary, and the Auditor of Public
5 Accounts find that a preliminary budget proposal is unsatisfactory, the
6 county or political subdivision shall have until October 15 to correct
7 the proposal and submit a revised proposal to the regional
8 representative, the secretary, and the Auditor of Public Accounts. If the
9 revised budget proposal remains unsatisfactory after the October 15
10 deadline, the regional representative shall have authority to make any
11 necessary revisions to the budget proposal;

12 (8) Each regional representative shall make a comprehensive report
13 for all of the countywide budget proposals within his or her respective
14 region and shall submit such comprehensive report to the board for
15 approval no later than October 25. Each comprehensive report shall also
16 be posted to the website described in section 43 of this act for public
17 viewing by October 25. Each comprehensive report shall require a majority
18 vote of the regional representatives for approval before it can be
19 included in the statewide report described in subdivision (9) of this
20 section; and

21 (9) The secretary shall prepare a statewide report consisting of all
22 comprehensive reports approved under subdivision (8) of this section. The
23 statewide report shall be approved by a majority vote of the regional
24 representatives. Once approved, the secretary shall submit the statewide
25 report to the Governor and to the chairperson of the Appropriations
26 Committee of the Legislature by November 15. The secretary shall also
27 make the report available for public viewing on the website described in
28 section 43 of this act by November 15.

29 Sec. 45. (1) There is hereby created the County Trust Fund. The
30 fund shall be used to supply counties and political subdivisions with
31 adequate funds to run their respective operations. The Appropriations

1 Committee of the Legislature shall use the statewide report received
2 under section 44 of this act to determine the amount to be transferred
3 each year to the County Trust Fund. The State Treasurer shall transfer
4 money to the County Trust Fund as directed by the Legislature. Any money
5 in the fund available for investment shall be invested by the state
6 investment officer pursuant to the Nebraska Capital Expansion Act and the
7 Nebraska State Funds Investment Act.

8 (2) Each county and political subdivision shall establish a separate
9 bank account for its operations and shall supply the State Treasurer with
10 the bank account number and routing number for such account. The State
11 Treasurer shall use such information to make electronic transfers from
12 the County Trust Fund into such bank accounts each month in a manner that
13 is compliant with the annual budget passed by the Legislature.

14 Sec. 46. (1) There is hereby created the County Stabilization Fund.
15 The purpose of the County Stabilization Fund is to assist counties with
16 additional or unexpected expenditures. The Legislature may transfer money
17 into the County Stabilization Fund as needed, but at no time shall the
18 balance of the County Stabilization Fund exceed ten percent of the total
19 amount transferred for the year into the County Trust Fund pursuant to
20 section 45 of this act. If the balance of the County Stabilization Fund
21 exceeds such amount, the State Treasurer shall transfer the excess to the
22 Cash Reserve Fund. Any money in the County Stabilization Fund available
23 for investment shall be invested by the state investment officer pursuant
24 to the Nebraska Capital Expansion Act and the Nebraska State Funds
25 Investment Act.

26 (2) The Legislature shall have sole authority to determine the
27 distributions to be made from the County Stabilization Fund.
28 Distributions from the fund shall be made annually to each county based
29 on each county's SEND score. Each county's SEND score shall be calculated
30 by the regional representative for such county using the method described
31 in subsection (3) of this section.

1 (3) A county's SEND score shall reflect the amount that a county
2 needs to provide standardized quality countywide services to the
3 residents of the county and shall be calculated in the following manner:

4 (a) A public service needs score shall be calculated. The public
5 service needs score measures the amount of revenue a county needs to
6 provide for basic public services, such as fire departments and police
7 departments. A complete list of public service needs shall be included in
8 the manual. To calculate the public service needs score, highways and
9 hospitals shall be excluded from the calculation. All other services
10 shall be included. A five-year average cost per person for such services
11 shall be established. The public service needs score shall be the five-
12 year average cost per person multiplied by the population of the county;

13 (b) A highway maintenance score shall be calculated. The highway
14 maintenance score measures the amount that a county is expected to spend
15 to maintain its streets, roads, and highways. A complete list of
16 expenditures for streets, roads, and highways shall be included in the
17 manual. The highway maintenance score begins by determining the average
18 amount spent per mile each year by the county to maintain its streets,
19 roads, and highways. The highway maintenance score is then calculated by
20 taking the average spending per mile for the previous five-year period
21 and multiplying that number by the number of miles of streets, roads, and
22 highways that the county is responsible for servicing. Streets, roads,
23 and highways that are under the care of a municipality or township shall
24 not be included in the highway maintenance score unless the county is
25 under contract with the municipality or township to maintain such
26 streets, roads, or highways;

27 (c) A hospital score shall be calculated. The hospital score
28 measures the added burden that some counties in Nebraska have for
29 maintaining hospitals. The hospital score begins by determining the
30 average amount spent per person each year by the county for maintaining
31 the county's hospitals. The hospital score is then calculated by taking

1 the average spending per person for the previous five-year period and
2 multiplying that number by the population of the county; and

3 (d) The SEND score shall be calculated by adding together the public
4 service needs score, the highway maintenance score, and the hospital
5 score.

6 (4) The regional representative shall calculate and include the SEND
7 scores for each county in his or her region in the comprehensive report
8 submitted to the board under subdivision (8) of section 44 of this act,
9 and the secretary shall include the SEND scores in the statewide report
10 submitted to the Governor and the chairperson of the Appropriations
11 Committee of the Legislature under subdivision (9) of section 44 of this
12 act. The reports shall include each county's public service needs score,
13 highway maintenance score, hospital score, and overall SEND score. In
14 deciding what to fund each year, the Legislature may give preference to
15 counties with an unusually high public service needs score, highway
16 maintenance score, or hospital score. Otherwise, the Legislature shall
17 give preference to counties with the highest overall SEND scores, however
18 each county shall receive money from the County Stabilization Fund
19 annually.

20 Sec. 47. (1) There is hereby created the County Rainy Day Fund. The
21 purpose of the County Rainy Day Fund is to provide money to counties that
22 are recovering from a fire, a flood, a tornado, or any other kind of
23 natural disaster which destroys buildings or structures used for
24 governmental purposes. The Legislature may transfer money into the County
25 Rainy Day Fund as needed, but at no time shall the balance of the County
26 Rainy Day Fund exceed eight percent of the total amount transferred for
27 the year into the County Trust Fund pursuant to section 45 of this act.
28 If the balance of the County Rainy Day Fund exceeds such amount, the
29 State Treasurer shall transfer the excess to the Cash Reserve Fund. Any
30 money in the County Rainy Day Fund available for investment shall be
31 invested by the state investment officer pursuant to the Nebraska Capital

1 Expansion Act and the Nebraska State Funds Investment Act.

2 (2) The County Rainy Day Fund shall be used solely for the purposes
3 of repairing structures, replacing structures, or providing for temporary
4 shelters or temporary structures for purposes of county, municipal, or
5 township government work or work associated with any political
6 subdivision included in the countywide budget. The Legislature shall have
7 sole authority for determining whether distributions should be made from
8 the County Rainy Day Fund, except that whenever the Legislature stands in
9 recess for a period of at least five calendar days following a fire,
10 flood, tornado, or any other kind of natural disaster and the Governor
11 declares a state of emergency, the Governor may by way of executive order
12 withdraw money from the County Rainy Day Fund to repair damaged buildings
13 or structures or to provide for temporary shelters or temporary
14 structures for purposes of county, municipal, or township work, including
15 any work associated with a political subdivision included in the
16 countywide budget.

17 Sec. 48. For purposes of sections 48 to 54 of this act:

18 (1) Board means the School Equalization and Review Board created in
19 section 49 of this act;

20 (2) Regional representative means an individual who is appointed to
21 the board to represent one of the five regions described in section 49 of
22 this act; and

23 (3) Secretary means the Secretary of the School Equalization and
24 Review Board.

25 Sec. 49. (1) There is hereby created the School Equalization and
26 Review Board. The purpose of the board is to ensure that school districts
27 receive adequate representation regarding funding for their operations.

28 (2) The board shall consist of seven members comprised of five
29 regional representatives, the secretary, and the Auditor of Public
30 Accounts or his or her designee. The five regional representatives shall
31 have the right to vote on all matters and shall represent the five

1 regions described in subsection (3) of this section. A person shall not
2 be eligible to become a regional representative unless he or she has
3 attained the age of twenty-five years, is a registered voter, and has
4 resided in a county within the relevant region for a period of at least
5 one year prior to taking office. A regional representative shall not hold
6 any other elected office, serve any other governmental entity, or be
7 actively engaged in the teaching profession while serving as a regional
8 representative. The secretary shall be a nonvoting, ex officio member of
9 the board. The Auditor of Public Accounts or his or her designee shall
10 also be a nonvoting, ex officio member of the board. Regional
11 representatives may hire staff as needed to assist them in their work.

12 (3) One regional representative and one alternate shall be appointed
13 to represent each of the following regions:

14 (a) The Fort Atkinson Region, which shall include the counties of
15 Cass, Sarpy, Douglas, Saunders, Washington, Dodge, Colfax, Platte, Burt,
16 Cuming, Stanton, Madison, Thurston, Wayne, Pierce, Dakota, Dixon, and
17 Cedar;

18 (b) The St. Deroin Fort Region, which shall include the counties of
19 Butler, Polk, Hamilton, York, Seward, Lancaster, Otoe, Nemaha, Johnson,
20 Richardson, Pawnee, Gage, Saline, Fillmore, Clay, Jefferson, Thayer, and
21 Nuckolls;

22 (c) The Fort Hartsuff Region, which shall include the counties of
23 Keya Paha, Boyd, Knox, Antelope, Holt, Rock, Brown, Garfield, Wheeler,
24 Loup, Blaine, Custer, Valley, Greeley, Sherman, Howard, Boone, Nance, and
25 Merrick;

26 (d) The Fort McPherson Region, which shall include the counties of
27 Perkins, Lincoln, Dawes, Buffalo, Hall, Adams, Kearney, Phelps, Gosper,
28 Frontier, Hayes, Chase, Dundy, Hitchcock, Red Willow, Furnas, Harlan,
29 Franklin, and Webster; and

30 (e) The Fort Robinson Region, which shall include the counties of
31 Sioux, Scotts Bluff, Banner, Kimball, Cheyenne, Morrill, Box Butte,

1 Dawes, Sheridan, Cherry, Garden, Deuel, Grant, Arthur, Keith, Hooker,
2 Thomas, McPherson, and Logan.

3 (4) Regional representatives and alternates shall be appointed in
4 the following manner:

5 (a) In June 2025, the county board of each of the eighteen counties
6 within the Fort Atkinson Region shall appoint a representative from their
7 respective county to serve on a search committee. The eighteen members of
8 such search committee shall appoint, by way of a majority vote, a
9 regional representative for the Fort Atkinson Region and an alternate,
10 who shall both serve two-year terms beginning on January 1, 2026. In June
11 2027 and in June of every fourth year thereafter, the search committee
12 process shall be repeated, with each subsequent appointee serving a four-
13 year term beginning on January 1 of the relevant year. The initial
14 regional representative and alternate may serve the initial two-year term
15 and two additional four-year terms. Each subsequent regional
16 representative and alternate may serve two consecutive four-year terms.
17 Whenever a vacancy exists or whenever circumstances prevent the regional
18 representative from performing his or her duties, the alternate may
19 substitute for the regional representative or may fill the vacancy until
20 the next scheduled appointment;

21 (b) In June 2025, the county board of each of the eighteen counties
22 within the St. Deroin Fort Region shall appoint a representative from
23 their respective county to serve on a search committee. The eighteen
24 members of such search committee shall appoint, by way of a majority
25 vote, a regional representative for the St. Deroin Fort Region and an
26 alternate, who shall both serve four-year terms beginning on January 1,
27 2026. In June 2029 and in June of every fourth year thereafter, the
28 search committee process shall be repeated, with each subsequent
29 appointee serving a four-year term beginning on January 1 of the relevant
30 year. A regional representative or alternate may serve two consecutive
31 four-year terms. Whenever a vacancy exists or whenever circumstances

1 prevent the regional representative from performing his or her duties,
2 the alternate may substitute for the regional representative or may fill
3 the vacancy until the next scheduled appointment;

4 (c) In June 2025, the county board of each of the nineteen counties
5 within the Fort Hartsuff Region shall appoint a representative from their
6 respective county to serve on a search committee. The nineteen members of
7 such search committee shall appoint, by way of a majority vote, a
8 regional representative for the Fort Hartsuff Region and an alternate,
9 who shall both serve two-year terms beginning on January 1, 2026. In June
10 2027 and in June of every fourth year thereafter, the search committee
11 process shall be repeated, with each subsequent appointee serving a four-
12 year term beginning on January 1 of the relevant year. The initial
13 regional representative and alternate may serve the initial two-year term
14 and two additional four-year terms. Each subsequent regional
15 representative and alternate may serve two consecutive four-year terms.
16 Whenever a vacancy exists or whenever circumstances prevent the regional
17 representative from performing his or her duties, the alternate may
18 substitute for the regional representative or may fill the vacancy until
19 the next scheduled appointment;

20 (d) In June 2025, the county board of each of the nineteen counties
21 within the Fort McPherson Region shall appoint a representative from
22 their respective county to serve on a search committee. The nineteen
23 members of such search committee shall appoint, by way of a majority
24 vote, a regional representative for the Fort McPherson Region and an
25 alternate, who shall both serve four-year terms beginning on January 1,
26 2026. In June 2029 and in June of every fourth year thereafter, the
27 search committee process shall be repeated, with each subsequent
28 appointee serving a four-year term beginning on January 1 of the relevant
29 year. A regional representative or alternate may serve two consecutive
30 four-year terms. Whenever a vacancy exists or whenever circumstances
31 prevent the regional representative from performing his or her duties,

1 the alternate may substitute for the regional representative or may fill
2 the vacancy until the next scheduled appointment; and

3 (e) In June 2025, the county board of each of the nineteen counties
4 within the Fort Robinson Region shall appoint a representative from their
5 respective county to serve on a search committee. The nineteen members of
6 such search committee shall appoint, by way of a majority vote, a
7 regional representative for the Fort Robinson Region and an alternate,
8 who shall both serve two-year terms beginning on January 1, 2026. In June
9 2027 and in June of every fourth year thereafter, the search committee
10 process shall be repeated, with each subsequent appointee serving a four-
11 year term beginning on January 1 of the relevant year. The initial
12 regional representative and alternate may serve the initial two-year term
13 and two additional four-year terms. Each subsequent regional
14 representative and alternate may serve two consecutive four-year terms.
15 Whenever a vacancy exists or whenever circumstances prevent the regional
16 representative from performing his or her duties, the alternate may
17 substitute for the regional representative or may fill the vacancy until
18 the next scheduled appointment.

19 (5) The members of the board shall elect from among the regional
20 representatives a chairperson to oversee the operations of the board and
21 a vice-chairperson to assist the chairperson in such duties.

22 (6) The board shall meet at least once per quarter throughout the
23 calendar year, and the meetings of the board shall be subject to the Open
24 Meetings Act.

25 (7) Regional representatives shall be compensated at a rate of
26 eighty thousand dollars per year until changed by the Legislature.
27 Alternates shall be compensated at a rate of ten thousand dollars per
28 year, and they shall not be prohibited from working for a secondary,
29 nongovernmental employer. Otherwise, the requirements for an alternate
30 shall be the same as for a regional representative. Regional
31 representatives and alternates shall also be entitled to receive

1 reimbursement for expenses incurred incident to their service on the
2 board as provided in sections 81-1174 to 81-1177.

3 Sec. 50. (1) The Secretary of the School Equalization and Review
4 Board shall be appointed by the Governor and shall serve at the pleasure
5 of the Governor. The secretary shall serve for a term of four years
6 beginning in the year 2026 and may be reappointed by the Governor to
7 serve additional terms of office. The secretary shall be a certified
8 public accountant or have at least four years of experience as a school
9 superintendent.

10 (2) The secretary shall create a manual for preparing budgets for
11 use by school districts. The manual shall include clear directions for
12 filling out and filing any required budget forms and shall be written in
13 consultation with the Auditor of Public Accounts and the five regional
14 representatives. The manual shall be approved by a majority vote of the
15 regional representatives. The manual shall be updated as needed, but any
16 changes shall be approved by a majority vote of the regional
17 representatives. Any proposed changes to the manual shall be reported to
18 the regional representatives no less than seven days prior to a vote on
19 such changes.

20 (3) The secretary shall be responsible for maintaining a website for
21 the board. The website shall include a concise biography of each regional
22 representative and the secretary. Within three calendar days after the
23 manual described in subsection (2) of this section has been approved, the
24 secretary shall make it publicly available on the website.

25 (4) The secretary shall advise the regional representatives on
26 procedures contained in the manual, but the regional representatives
27 shall act as the liaisons between the schools within their respective
28 regions and the board.

29 (5) The secretary shall record the minutes of any board meetings,
30 shall post the minutes of each board meeting on the website described in
31 subsection (3) of this section in a timely manner, and shall make any

1 such minutes available to the public.

2 (6) The secretary shall serve the regional representatives by
3 performing any additional tasks assigned to the secretary by a majority
4 vote of the regional representatives.

5 (7) The secretary shall be compensated at a rate of eighty thousand
6 dollars per year until changed by the Legislature. The secretary shall
7 also be entitled to receive reimbursement for expenses incurred while in
8 the performance of his or her duties as provided in sections 81-1174 to
9 81-1177.

10 Sec. 51. The manual described in section 50 of this act shall
11 include the following schedule for preparing budgets:

12 (1) Each school board shall prepare an annual budget proposal by the
13 second Monday of June of each calendar year which shall apply to the
14 ensuing school year. The annual budget proposal shall include an average
15 per student cost for each of the schools within the school district. The
16 school board shall use the number of registered students in each school
17 on April 30 of the current calendar year to determine the average per
18 student cost for the ensuing school year. The school board shall also
19 include in its annual budget proposal a district-wide average per student
20 cost along with any other requests for additional expenditures per
21 school. The annual budget proposal shall include the school district's
22 budgets from the five previous years along with a five-year average. The
23 five-year average, plus two percent, shall represent the minimum amount
24 of funding that a school district shall receive from the state. The
25 annual budget proposal shall be made available for viewing by the public
26 on the school district's website no later than June 30;

27 (2) Each school board shall make any necessary adjustments to its
28 annual budget proposal and shall approve the annual budget proposal no
29 later than July 30 and shall post the revised budget proposal to the
30 school district's website no later than August 10;

31 (3) Upon approval of the annual budget proposal, each school board

1 shall submit its annual budget proposal to its regional representative,
2 to the secretary, and to the Auditor of Public Accounts by August 15;

3 (4) The regional representative for the school district, the
4 secretary, and the Auditor of Public Accounts shall review the school
5 district's budget proposal, and the regional representative shall notify
6 the school district whether the budget proposal conforms to the standards
7 as outlined in the manual by August 30. If the regional representative,
8 the secretary, and the Auditor of Public Accounts find that a school
9 district's budget proposal is unsatisfactory, the school board shall have
10 until September 30 to correct the proposal and submit a revised proposal
11 to the regional representative, the secretary, and the Auditor of Public
12 Accounts. If the revised budget proposal remains unsatisfactory after the
13 September 30 deadline, the regional representative, in consultation with
14 the secretary and the Auditor of Public accounts, shall make any
15 necessary revisions to the budget proposal;

16 (5) Each regional representative shall submit a region-wide report
17 of all of the school districts within the representative's jurisdiction
18 to the board for approval. Each region-wide report shall require a
19 majority vote of the regional representatives for approval before it can
20 be included in the statewide report described in subdivision (6) of this
21 section; and

22 (6) The secretary shall prepare a statewide report consisting of all
23 region-wide reports approved under subdivision (5) of this section. The
24 statewide report shall be approved by a majority vote of the regional
25 representatives. Once approved, the secretary shall submit the statewide
26 report to the Governor and to the chairperson of the Appropriations
27 Committee of the Legislature by November 15. The secretary shall also
28 make the report available for public viewing on the website described in
29 section 50 of this act by November 15.

30 Sec. 52. (1) There is hereby created the Education Trust Fund. The
31 purpose of the Education Trust Fund is to provide for the free

1 instruction in the common schools of this state as required under Article
2 VII, section 1, of the Constitution of Nebraska. In order to ensure that
3 all students between the ages of five and twenty-one years attending the
4 common schools in this state have the opportunity to receive a free
5 education, the Legislature shall transfer money into the Education Trust
6 Fund annually to cover the five-year average operational costs per school
7 plus two percent for all public schools operating within the state.

8 (2) The Appropriations Committee of the Legislature shall use the
9 statewide report received under section 51 of this act to determine the
10 amount to be transferred each year to the Education Trust Fund. The State
11 Treasurer shall transfer money to the Education Trust Fund as directed by
12 the Legislature. Any money in the fund available for investment shall be
13 invested by the state investment officer pursuant to the Nebraska Capital
14 Expansion Act and the Nebraska State Funds Investment Act.

15 (3) Each school district shall establish a separate bank account for
16 its operations and shall supply the State Treasurer with the bank account
17 number and routing number for such account. The State Treasurer shall use
18 such information to make electronic transfers from the Education Trust
19 Fund into such bank accounts each month in a manner that is compliant
20 with the annual budget passed by the Legislature.

21 Sec. 53. (1) There is hereby created the Education Stabilization
22 Fund. The purpose of the Education Stabilization Fund is to ensure that
23 every school district receives adequate funding for its operations. The
24 Legislature may transfer money into the Education Stabilization Fund as
25 needed, but at no time shall the balance of the Education Stabilization
26 Fund exceed ten percent of the total amount transferred for the year into
27 the Education Trust Fund pursuant to section 52 of this act. If the
28 balance of the Education Stabilization Fund exceeds such amount, the
29 State Treasurer shall transfer the excess to the Cash Reserve Fund. Any
30 money in the Education Stabilization Fund available for investment shall
31 be invested by the state investment officer pursuant to the Nebraska

1 Capital Expansion Act and the Nebraska State Funds Investment Act.

2 (2) The Legislature shall have sole authority to determine the
3 distributions to be made from the Education Stabilization Fund.
4 Distributions from the fund shall be made annually to each school
5 district based on each school district's stabilization score. Each school
6 district's stabilization score shall be calculated by the regional
7 representative according to the uniform procedure outlined by the
8 secretary in the manual described in section 50 of this act. The
9 stabilization scores shall include the following:

10 (a) A special student needs score shall be calculated by adding
11 together the number of students with physical disabilities, the number of
12 special education students, the number of students with learning
13 disabilities, and the number of students learning English as a second
14 language on April 30 and dividing that number by the total number of
15 students enrolled in the district on April 30. If a student fits into
16 more than one of the categories listed in this subdivision, he or she
17 shall be included in the total for each such category;

18 (b) A transportation score shall be calculated by adding up the
19 total number of miles traveled by school buses and parents throughout the
20 school district during the month of April and dividing that number by
21 thirty. The number of miles traveled by school buses and parents shall
22 include transportation of students to and from school, for field trips,
23 and for after school activities;

24 (c) A technology score shall be calculated by adding up the number
25 of computers owned by the school district on April 30 and dividing that
26 number by the total number of students enrolled in the district on April
27 30;

28 (d) A textbook score shall be calculated by adding up the number of
29 textbooks owned by the school district on April 30 and dividing that
30 number by the total number of students enrolled in the district on April
31 30;

1 (e) A poverty score shall be calculated by adding up the total
2 number of students receiving federally subsidized school lunches during
3 the month of April and dividing that number by the total number of
4 students enrolled in the school district on April 30; and

5 (f) The stabilization score shall be calculated by adding together
6 the special student needs score, the transportation score, the technology
7 score, the textbook score, and the poverty score.

8 (3) The regional representative shall include the stabilization
9 score for each school district within his or her jurisdiction in the
10 region-wide report submitted to the board under subdivision (5) of
11 section 51 of this act, and the secretary shall include the stabilization
12 scores in the statewide report submitted to the Governor and the
13 chairperson of the Appropriations Committee of the Legislature under
14 subdivision (6) of section 51 of this act. The reports shall include each
15 school district's special student needs score, transportation score,
16 technology score, textbook score, poverty score, and overall
17 stabilization score. In deciding what to fund each year, the Legislature
18 may give preference to school districts with an unusually high special
19 student needs score, transportation score, technology score, textbook
20 score, or poverty score. Otherwise, the Legislature shall give preference
21 to school districts with the highest overall stabilization scores.

22 Sec. 54. (1) There is hereby created the Education Facilities and
23 Growth Fund. The purpose of the Education Facilities and Growth Fund is
24 to provide money to school districts for the construction of new
25 buildings and facilities, the maintenance of current buildings and
26 facilities, and growth promotion. The Legislature may transfer money into
27 the Education Facilities and Growth Fund as needed, but at no time shall
28 the balance of the Education Facilities and Growth Fund exceed eight
29 percent of the total amount transferred for the year into the Education
30 Trust Fund pursuant to section 52 of this act. If the balance of the
31 Education Facilities and Growth Fund exceeds such amount, the State

1 Treasurer shall transfer the excess to the Cash Reserve Fund. Any money
2 in the Education Facilities and Growth Fund available for investment
3 shall be invested by the state investment officer pursuant to the
4 Nebraska Capital Expansion Act and the Nebraska State Funds Investment
5 Act.

6 (2) The Education Facilities and Growth Fund shall be used solely
7 for the purposes of building new structures or facilities, repairing or
8 replacing current structures or facilities, promoting new programs,
9 expanding current programs, or enhancing current programs.

10 (3) Each regional representative shall include requests for projects
11 to be funded from the Education Facilities and Growth Fund each year in
12 the region-wide report submitted to the board pursuant to subdivision (5)
13 of section 51 of this act. The secretary shall include such requests in
14 the statewide report submitted to the Governor and the chairperson of the
15 Appropriations Committee of the Legislature pursuant to subdivision (6)
16 of section 51 of this act.

17 (4) The Legislature shall have sole authority for determining which
18 projects receive funding each year from the Education Facilities and
19 Growth Fund.

20 Sec. 55. Section 13-319, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 13-319 Any county by resolution of the governing body may impose a
23 sales and use tax of one-half percent, one percent, or one and one-half
24 percent upon the same transactions sourced as provided in sections
25 77-2703.01 to 77-2703.04 within the county, but outside any incorporated
26 municipality which has adopted a local sales tax pursuant to section
27 77-27,142, on which the state is authorized to impose a tax pursuant to
28 the Nebraska Revenue Act of 1967, as amended from time to time. Any sales
29 and use tax imposed pursuant to this section must be used (1) to finance
30 public safety services provided by a public safety commission, (2) to
31 provide the county share of funds required under any other agreement

1 executed under the Interlocal Cooperation Act or Joint Public Agency Act,
2 or (3) to finance public safety services provided by the county. A sales
3 and use tax shall not be imposed pursuant to this section until an
4 election has been held and a majority of the qualified electors have
5 approved the tax pursuant to sections 13-322 and 13-323. A sales and use
6 tax shall not be imposed pursuant to this section if the county is
7 imposing a tax pursuant to section 77-6403. Any sales and use tax imposed
8 pursuant to this section shall terminate as provided in section 3 of this
9 act.

10 Sec. 56. Section 13-501, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 13-501 (1) Sections 13-501 to 13-513 shall be known and may be
13 cited as the Nebraska Budget Act.

14 (2) The Nebraska Budget Act shall apply until January 1, 2026. On
15 and after such date, the budgetary process shall be governed by the
16 Nebraska EPIC Option Consumption Tax Act.

17 Sec. 57. Section 13-2813, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 13-2813 (1) A municipal county by ordinance of its council may
20 impose a sales and use tax of one-half percent, one percent, or one and
21 one-half percent upon the same transactions within the entire municipal
22 county on which the state is authorized to impose a tax pursuant to the
23 Nebraska Revenue Act of 1967, as amended from time to time.

24 (2) A municipal county shall not impose a new sales and use tax,
25 increase the tax, or extend the territory of an existing sales and use
26 tax until an election is held and a majority of the registered voters as
27 provided in section 13-2810 have approved the tax, increase, or
28 extension. The ballot issue proposing approval of a new sales and use tax
29 or the increase or territorial extension of an existing sales and use tax
30 may be combined with the issue proposing creation of a municipal county.

31 (3) Any sales and use tax imposed pursuant to this section shall

1 terminate as provided in section 3 of this act.

2 Sec. 58. Section 18-2147, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 18-2147 (1) Any redevelopment plan as originally approved or as
5 later modified pursuant to section 18-2117 may contain a provision that
6 any ad valorem tax levied upon real property, or any portion thereof, in
7 a redevelopment project for the benefit of any public body shall be
8 divided, for the applicable period described in subsection (3) of this
9 section, as follows:

10 (a) That portion of the ad valorem tax which is produced by the levy
11 at the rate fixed each year by or for each such public body upon the
12 redevelopment project valuation shall be paid into the funds of each such
13 public body in the same proportion as are all other taxes collected by or
14 for the body. When there is not a redevelopment project valuation on a
15 parcel or parcels, the county assessor shall determine the redevelopment
16 project valuation based upon the fair market valuation of the parcel or
17 parcels as of January 1 of the year prior to the year that the ad valorem
18 taxes are to be divided. The county assessor shall provide written notice
19 of the redevelopment project valuation to the authority as defined in
20 section 18-2103 and the owner. The authority or owner may protest the
21 valuation to the county board of equalization within thirty days after
22 the date of the valuation notice. All provisions of section 77-1502
23 except dates for filing of a protest, the period for hearing protests,
24 and the date for mailing notice of the county board of equalization's
25 decision are applicable to any protest filed pursuant to this section.
26 The county board of equalization shall decide any protest filed pursuant
27 to this section within thirty days after the filing of the protest. The
28 county clerk shall mail a copy of the decision made by the county board
29 of equalization on protests pursuant to this section to the authority or
30 owner within seven days after the board's decision. Any decision of the
31 county board of equalization may be appealed to the Tax Equalization and

1 Review Commission, in accordance with section 77-5013, within thirty days
2 after the date of the decision;

3 (b) That portion of the ad valorem tax on real property, as provided
4 in the redevelopment contract, bond resolution, or redevelopment plan, as
5 applicable, in the redevelopment project in excess of such amount, if
6 any, shall be allocated to and, when collected, paid into a special fund
7 of the authority to be used solely to pay the principal of, the interest
8 on, and any premiums due in connection with the bonds of, loans, notes,
9 or advances of money to, or indebtedness incurred by, whether funded,
10 refunded, assumed, or otherwise, such authority for financing or
11 refinancing, in whole or in part, the redevelopment project. When such
12 bonds, loans, notes, advances of money, or indebtedness, including
13 interest and premiums due, have been paid, the authority shall so notify
14 the county assessor and county treasurer and all ad valorem taxes upon
15 taxable real property in such a redevelopment project shall be paid into
16 the funds of the respective public bodies. An authority may use a single
17 fund for purposes of this subdivision for all redevelopment projects or
18 may use a separate fund for each redevelopment project; and

19 (c) Any interest and penalties due for delinquent taxes shall be
20 paid into the funds of each public body in the same proportion as are all
21 other taxes collected by or for the public body.

22 (2) To the extent that a redevelopment plan authorizes the division
23 of ad valorem taxes levied upon only a portion of the real property
24 included in such redevelopment plan, any improvements funded by such
25 division of taxes shall be related to the redevelopment plan that
26 authorized such division of taxes.

27 (3)(a) For any redevelopment plan for which more than fifty percent
28 of the property in the redevelopment project area has been declared an
29 extremely blighted area in accordance with section 18-2101.02, ad valorem
30 taxes shall be divided for a period not to exceed twenty years after the
31 effective date as identified in the project redevelopment contract or in

1 the resolution of the authority authorizing the issuance of bonds
2 pursuant to section 18-2124.

3 (b) For all other redevelopment plans, ad valorem taxes shall be
4 divided for a period not to exceed fifteen years after the effective date
5 as identified in the project redevelopment contract, in the resolution of
6 the authority authorizing the issuance of bonds pursuant to section
7 18-2124, or in the redevelopment plan, whichever is applicable.

8 (4) The effective date of a provision dividing ad valorem taxes as
9 provided in subsection (3) of this section shall not occur until such
10 time as the real property in the redevelopment project is within the
11 corporate boundaries of the city. This subsection shall not apply to a
12 redevelopment project involving a formerly used defense site as
13 authorized in section 18-2123.01.

14 (5) Beginning August 1, 2006, all notices of the provision for
15 dividing ad valorem taxes shall be sent by the authority to the county
16 assessor on forms prescribed by the Property Tax Administrator. The
17 notice shall be sent to the county assessor on or before August 1 of the
18 year of the effective date of the provision. Failure to satisfy the
19 notice requirement of this section shall result in the taxes, for all
20 taxable years affected by the failure to give notice of the effective
21 date of the provision, remaining undivided and being paid into the funds
22 for each public body receiving property taxes generated by the property
23 in the redevelopment project. However, the redevelopment project
24 valuation for the remaining division of ad valorem taxes in accordance
25 with subdivisions (1)(a) and (b) of this section shall be the last
26 certified valuation for the taxable year prior to the effective date of
27 the provision to divide the taxes for the remaining portion of the
28 twenty-year or fifteen-year period pursuant to subsection (3) of this
29 section.

30 (6) The division of taxes authorized in this section shall terminate
31 when the property tax terminates in accordance with section 4 of this

1 act.

2 Sec. 59. Section 60-3,185, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 60-3,185 A motor vehicle tax is imposed on motor vehicles registered
5 for operation upon the highways of this state, except:

6 (1) Motor vehicles exempt from the registration fee in section
7 60-3,160;

8 (2) One motor vehicle owned and used for his or her personal
9 transportation by a disabled or blind veteran of the United States Armed
10 Forces as defined in section 77-202.23 whose disability or blindness is
11 recognized by the United States Department of Veterans Affairs and who
12 was discharged or otherwise separated with a characterization of
13 honorable if an application for the exemption has been approved under
14 subsection (1) of section 60-3,189;

15 (3) Motor vehicles owned by Indians who are members of an Indian
16 tribe;

17 (4) Motor vehicles owned by a member of the United States Armed
18 Forces serving in this state in compliance with military or naval orders
19 or his or her spouse if such servicemember or spouse is a resident of a
20 state other than Nebraska;

21 (5) Motor vehicles owned by the state and its governmental
22 subdivisions and exempt as provided in subdivision (1)(a) or (b) of
23 section 77-202;

24 (6) Motor vehicles owned and used exclusively by an organization or
25 society qualified for a tax exemption provided in subdivision (1)(c) or
26 (d) of section 77-202 if an application for the exemption provided in
27 this subdivision has been approved under subsection (2) of section
28 60-3,189; and

29 (7) Trucks, trailers, or combinations thereof registered under
30 section 60-3,198.

31 The motor vehicle tax imposed pursuant to this section shall

1 terminate as provided in section 4 of this act.

2 Sec. 60. Section 60-3,190, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 60-3,190 (1) A motor vehicle fee is imposed on all motor vehicles
5 registered for operation in this state. An owner of a motor vehicle which
6 is exempt from the imposition of a motor vehicle tax pursuant to section
7 60-3,185 shall also be exempt from the imposition of the motor vehicle
8 fee imposed pursuant to this section.

9 (2) The department shall annually determine the motor vehicle fee on
10 each motor vehicle registered pursuant to this section and shall cause a
11 notice of the amount to be delivered to the registrant. The notice shall
12 be combined with the notice of the motor vehicle tax required by section
13 60-3,186.

14 (3) The motor vehicle fee schedules are set out in this subsection
15 and subsection (4) of this section. Except for automobiles with a value
16 when new of less than \$20,000, and for assembled, reconstructed-
17 designated, and replica-designated automobiles, the fee shall be
18 calculated by multiplying the base fee times the fraction which
19 corresponds to the age category of the automobile as shown in the
20 following table:

21 YEAR	FRACTION
22 First through fifth	1.00
23 Sixth through tenth	.70
24 Eleventh and over	.35

25 (4) The base fee shall be:

26 (a) Automobiles, with a value when new of less than \$20,000, and
27 assembled, reconstructed-designated, and replica-designated automobiles –
28 \$5

29 (b) Automobiles, with a value when new of \$20,000 through \$39,999 –
30 \$20

- 1 (c) Automobiles, with a value when new of \$40,000 or more – \$30
- 2 (d) Motorcycles and autocycles – \$10
- 3 (e) Recreational vehicles and cabin trailers – \$10
- 4 (f) Trucks over seven tons and buses – \$30
- 5 (g) Trailers other than semitrailers – \$10
- 6 (h) Semitrailers – \$30
- 7 (i) Former military vehicles – \$10
- 8 (j) Minitrucks – \$10
- 9 (k) Low-speed vehicles – \$10.

10 (5) The motor vehicle tax, motor vehicle fee, and registration fee
11 shall be paid to the county treasurer prior to the registration of the
12 motor vehicle for the following registration period. After retaining one
13 percent of the motor vehicle fee collected for costs, the remaining
14 proceeds shall be remitted to the State Treasurer for credit to the Motor
15 Vehicle Fee Fund. The State Treasurer shall return funds from the Motor
16 Vehicle Fee Fund remitted by a county treasurer which are needed for
17 refunds or credits authorized by law.

18 (6)(a) The Motor Vehicle Fee Fund is created. On or before the last
19 day of each calendar quarter, the State Treasurer shall distribute all
20 funds in the Motor Vehicle Fee Fund as follows: (i) Fifty percent to the
21 county treasurer of each county, amounts in the same proportion as the
22 most recent allocation received by each county from the Highway
23 Allocation Fund; and (ii) fifty percent to the treasurer of each
24 municipality, amounts in the same proportion as the most recent
25 allocation received by each municipality from the Highway Allocation
26 Fund. Any money in the fund available for investment shall be invested by
27 the state investment officer pursuant to the Nebraska Capital Expansion
28 Act and the Nebraska State Funds Investment Act.

29 (b) Funds from the Motor Vehicle Fee Fund shall be considered local
30 revenue available for matching state sources.

31 (c) All receipts by counties and municipalities from the Motor

1 Vehicle Fee Fund shall be used for road, bridge, and street purposes.

2 (7) For purposes of subdivisions (4)(a), (b), (c), and (f) of this
3 section, automobiles or trucks includes all trucks and combinations of
4 trucks or truck-tractors, except those trucks, trailers, or semitrailers
5 registered under section 60-3,198, and the fee is based on the gross
6 vehicle weight rating as reported by the manufacturer.

7 (8) Current model year vehicles are designated as first-year motor
8 vehicles for purposes of the schedules.

9 (9) When a motor vehicle is registered which is newer than the
10 current model year by the manufacturer's designation, the motor vehicle
11 is subject to the initial motor vehicle fee for six registration periods.

12 (10) Assembled vehicles other than assembled, reconstructed-
13 designated, or replica-designated automobiles shall follow the schedules
14 for the motor vehicle body type.

15 (11) The motor vehicle fee imposed pursuant to this section shall
16 terminate as provided in section 4 of this act.

17 Sec. 61. Section 77-201, Revised Statutes Cumulative Supplement,
18 2022, is amended to read:

19 77-201 (1) Except as provided in subsections (2) through (4) and (6)
20 of this section, all real property in this state, not expressly exempt
21 therefrom, shall be subject to taxation and shall be valued at its actual
22 value.

23 (2) Agricultural land and horticultural land as defined in section
24 77-1359 shall constitute a separate and distinct class of property for
25 purposes of property taxation, shall be subject to taxation, unless
26 expressly exempt from taxation, and shall be valued at seventy-five
27 percent of its actual value, except that for school district taxes levied
28 to pay the principal and interest on bonds that are approved by a vote of
29 the people on or after January 1, 2022, such land shall be valued at
30 fifty percent of its actual value.

31 (3) Agricultural land and horticultural land actively devoted to

1 agricultural or horticultural purposes which has value for purposes other
2 than agricultural or horticultural uses and which meets the
3 qualifications for special valuation under section 77-1344 shall
4 constitute a separate and distinct class of property for purposes of
5 property taxation, shall be subject to taxation, and shall be valued for
6 taxation at seventy-five percent of its special valuation as defined in
7 section 77-1343, except that for school district taxes levied to pay the
8 principal and interest on bonds that are approved by a vote of the people
9 on or after January 1, 2022, such land shall be valued at fifty percent
10 of its special valuation as defined in section 77-1343.

11 (4) Historically significant real property which meets the
12 qualifications for historic rehabilitation valuation under sections
13 77-1385 to 77-1394 shall be valued for taxation as provided in such
14 sections.

15 (5) Tangible personal property, not including motor vehicles,
16 trailers, and semitrailers registered for operation on the highways of
17 this state, shall constitute a separate and distinct class of property
18 for purposes of property taxation, shall be subject to taxation, unless
19 expressly exempt from taxation, and shall be valued at its net book
20 value. Tangible personal property transferred as a gift or devise or as
21 part of a transaction which is not a purchase shall be subject to
22 taxation based upon the date the property was acquired by the previous
23 owner and at the previous owner's Nebraska adjusted basis. Tangible
24 personal property acquired as replacement property for converted property
25 shall be subject to taxation based upon the date the converted property
26 was acquired and at the Nebraska adjusted basis of the converted property
27 unless insurance proceeds are payable by reason of the conversion. For
28 purposes of this subsection, (a) converted property means tangible
29 personal property which is compulsorily or involuntarily converted as a
30 result of its destruction in whole or in part, theft, seizure,
31 requisition, or condemnation, or the threat or imminence thereof, and no

1 gain or loss is recognized for federal or state income tax purposes by
2 the holder of the property as a result of the conversion and (b)
3 replacement property means tangible personal property acquired within two
4 years after the close of the calendar year in which tangible personal
5 property was converted and which is, except for date of construction or
6 manufacture, substantially the same as the converted property.

7 (6) The property tax imposed pursuant to Chapter 77 shall terminate
8 as provided in section 4 of this act.

9 Sec. 62. Section 77-2004, Revised Statutes Cumulative Supplement,
10 2022, is amended to read:

11 77-2004 (1) In the case of a father, mother, grandfather,
12 grandmother, brother, sister, son, daughter, child or children legally
13 adopted as such in conformity with the laws of the state where adopted,
14 any lineal descendant, any lineal descendant legally adopted as such in
15 conformity with the laws of the state where adopted, any person to whom
16 the deceased for not less than ten years prior to death stood in the
17 acknowledged relation of a parent, or the spouse or surviving spouse of
18 any such persons, the rate of tax shall be:

19 (a) For decedents dying prior to January 1, 2023, one percent of the
20 clear market value of the property received by each person in excess of
21 forty thousand dollars; and

22 (b) For decedents dying on or after January 1, 2023, one percent of
23 the clear market value of the property received by each person in excess
24 of one hundred thousand dollars.

25 (2) Any interest in property, including any interest acquired in the
26 manner set forth in section 77-2002, which may be valued at a sum less
27 than or equal to the applicable exempt amount under subsection (1) of
28 this section shall not be subject to tax. In addition the homestead
29 allowance, exempt property, and family maintenance allowance shall not be
30 subject to tax. Interests passing to the surviving spouse by will, in the
31 manner set forth in section 77-2002, or in any other manner shall not be

1 subject to tax. Any interest passing to a person described in subsection
2 (1) of this section who is under twenty-two years of age shall not be
3 subject to tax.

4 (3) The tax imposed pursuant to this section shall terminate as
5 provided in section 5 of this act.

6 Sec. 63. Section 77-2005, Revised Statutes Cumulative Supplement,
7 2022, is amended to read:

8 77-2005 (1) In the case of an uncle, aunt, niece, or nephew related
9 to the deceased by blood or legal adoption, or other lineal descendant of
10 the same, or the spouse or surviving spouse of any of such persons, the
11 rate of tax shall be:

12 (a) For decedents dying prior to January 1, 2023, thirteen percent
13 of the clear market value of the property received by each person in
14 excess of fifteen thousand dollars; and

15 (b) For decedents dying on or after January 1, 2023, eleven percent
16 of the clear market value of the property received by each person in
17 excess of forty thousand dollars.

18 (2) If the clear market value of the beneficial interest is less
19 than or equal to the applicable exempt amount under subsection (1) of
20 this section, it shall not be subject to tax. In addition, any interest
21 passing to a person described in subsection (1) of this section who is
22 under twenty-two years of age shall not be subject to tax.

23 (3) The tax imposed pursuant to this section shall terminate as
24 provided in section 5 of this act.

25 Sec. 64. Section 77-2006, Revised Statutes Cumulative Supplement,
26 2022, is amended to read:

27 77-2006 (1) In all other cases the rate of tax shall be:

28 (a) For decedents dying prior to January 1, 2023, eighteen percent
29 of the clear market value of the beneficial interests received by each
30 person in excess of ten thousand dollars; and

31 (b) For decedents dying on or after January 1, 2023, fifteen percent

1 of the clear market value of the beneficial interests received by each
2 person in excess of twenty-five thousand dollars.

3 (2) If the clear market value of the beneficial interest is less
4 than or equal to the applicable exempt amount under subsection (1) of
5 this section, it shall not be subject to any tax. In addition, any
6 interest passing to a person who is under twenty-two years of age shall
7 not be subject to tax.

8 (3) The tax imposed pursuant to this section shall terminate as
9 provided in section 5 of this act.

10 Sec. 65. Section 77-2701, Revised Statutes Cumulative Supplement,
11 2022, is amended to read:

12 77-2701 (1) Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235,
13 77-27,236, and 77-27,238 to 77-27,240 shall be known and may be cited as
14 the Nebraska Revenue Act of 1967.

15 (2) The sales and use tax and the income tax imposed pursuant to the
16 Nebraska Revenue Act of 1967 shall terminate as provided in section 3 of
17 this act.

18 Sec. 66. Section 77-27,148, Reissue Revised Statutes of Nebraska, is
19 amended to read:

20 77-27,148 (1) Sections 77-27,142 to 77-27,148 may be cited as the
21 Local Option Revenue Act.

22 (2) Any sales and use tax imposed pursuant to the Local Option
23 Revenue Act shall terminate as provided in section 3 of this act.

24 Sec. 67. Section 77-3506, Revised Statutes Cumulative Supplement,
25 2022, is amended to read:

26 77-3506 (1) All homesteads in this state shall be assessed for
27 taxation the same as other property, except that there shall be exempt
28 from taxation, on any homestead described in subsection (2) of this
29 section, one hundred percent of the exempt amount.

30 (2) The exemption described in subsection (1) of this section shall
31 apply to homesteads of:

1 (a) A veteran who was discharged or otherwise separated with a
2 characterization of honorable or general (under honorable conditions),
3 who is drawing compensation from the United States Department of Veterans
4 Affairs because of one hundred percent service-connected disability, and
5 who is not eligible for total exemption under sections 77-3526 to
6 77-3528, an unremarried surviving spouse of such a veteran, or a
7 surviving spouse of such a veteran who remarries after attaining the age
8 of fifty-seven years;

9 (b) An unremarried surviving spouse of any veteran, including a
10 veteran other than a veteran described in section 80-401.01, who was
11 discharged or otherwise separated with a characterization of honorable or
12 general (under honorable conditions) and who died because of a service-
13 connected disability or a surviving spouse of such a veteran who
14 remarries after attaining the age of fifty-seven years;

15 (c) An unremarried surviving spouse of a serviceman or servicewoman,
16 including a veteran other than a veteran described in section 80-401.01,
17 whose death while on active duty was service-connected or a surviving
18 spouse of such a serviceman or servicewoman who remarries after attaining
19 the age of fifty-seven years; and

20 (d) An unremarried surviving spouse of a serviceman or servicewoman
21 who died while on active duty during the periods described in section
22 80-401.01 or a surviving spouse of such a serviceman or servicewoman who
23 remarries after attaining the age of fifty-seven years.

24 (3) Application for exemption under this section shall include
25 certification of the status set forth in subsection (2) of this section
26 from the United States Department of Veterans Affairs. Such certification
27 shall not be required in succeeding years if no change in status has
28 occurred, except that the county assessor or the Tax Commissioner may
29 request such certification to verify that no change in status has
30 occurred.

31 (4) The exemption provided in this section shall only apply with

1 respect to years in which a property tax is imposed. The exemption shall
2 terminate when the property tax terminates in accordance with section 4
3 of this act.

4 Sec. 68. Section 77-3507, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 77-3507 (1) All homesteads in this state shall be assessed for
7 taxation the same as other property, except that there shall be exempt
8 from taxation on homesteads of qualified claimants a percentage of the
9 exempt amount as limited by section 77-3506.03. The percentage of the
10 exempt amount shall be determined based on the household income of a
11 claimant pursuant to subsections (2) through (4) of this section.

12 (2) For 2014, for a qualified married or closely related claimant,
13 the percentage of the exempt amount for which the claimant shall be
14 eligible shall be the percentage in Column B which corresponds with the
15 claimant's household income in Column A in the table found in this
16 subsection.

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

1 (3) For 2014, for a qualified single claimant, the percentage of the
2 exempt amount for which the claimant shall be eligible shall be the
3 percentage in Column B which corresponds with the claimant's household
4 income in Column A in the table found in this subsection.

5	Column A	Column B
6	Household Income	Percentage
7	In Dollars	Of Relief
8	0 through 26,900	100
9	26,901 through 28,300	90
10	28,301 through 29,700	80
11	29,701 through 31,100	70
12	31,101 through 32,500	60
13	32,501 through 33,900	50
14	33,901 through 35,300	40
15	35,301 through 36,700	30
16	36,701 through 38,100	20
17	38,101 through 39,500	10
18	39,501 and over	0

19 (4) For exemption applications filed in calendar years 2015 through
20 2017, the income eligibility amounts in subsections (2) and (3) of this
21 section shall be adjusted by the percentage determined pursuant to the
22 provisions of section 1(f) of the Internal Revenue Code of 1986, as it
23 existed prior to December 22, 2017. For exemption applications filed in
24 calendar year 2018 and each calendar year thereafter, the income
25 eligibility amounts in subsections (2) and (3) of this section shall be
26 adjusted by the percentage change in the Consumer Price Index for All
27 Urban Consumers published by the federal Bureau of Labor Statistics from
28 the twelve months ending on August 31, 2016, to the twelve months ending
29 on August 31 of the year preceding the applicable calendar year. The
30 income eligibility amounts shall be adjusted for cumulative inflation

1 since 2014. If any amount is not a multiple of one hundred dollars, the
2 amount shall be rounded to the next lower multiple of one hundred
3 dollars.

4 (5) The exemption provided in this section shall only apply with
5 respect to years in which a property tax is imposed. The exemption shall
6 terminate when the property tax terminates in accordance with section 4
7 of this act.

8 Sec. 69. Section 77-3508, Revised Statutes Cumulative Supplement,
9 2022, is amended to read:

10 77-3508 (1)(a) All homesteads in this state shall be assessed for
11 taxation the same as other property, except that there shall be exempt
12 from taxation, on any homestead described in subdivision (b) of this
13 subsection, a percentage of the exempt amount as limited by section
14 77-3506.03. The exemption shall be based on the household income of a
15 claimant pursuant to subsections (2) through (4) of this section.

16 (b) The exemption described in subdivision (a) of this subsection
17 shall apply to homesteads of:

18 (i) Veterans as defined in section 80-401.01 who were discharged or
19 otherwise separated with a characterization of honorable or general
20 (under honorable conditions) and who are totally disabled by a non-
21 service-connected accident or illness;

22 (ii) Individuals who have a permanent physical disability and have
23 lost all mobility so as to preclude locomotion without the use of a
24 mechanical aid or a prosthetic device as defined in section 77-2704.09;

25 (iii) Individuals who have undergone amputation of both arms above
26 the elbow or who have a permanent partial disability of both arms in
27 excess of seventy-five percent; and

28 (iv) Beginning January 1, 2015, individuals who have a developmental
29 disability as defined in section 83-1205.

30 (c) Application for the exemption described in subdivision (a) of
31 this subsection shall include certification from a qualified medical

1 physician, physician assistant, or advanced practice registered nurse for
2 subdivisions (b)(i) through (b)(iii) of this subsection, certification
3 from the United States Department of Veterans Affairs affirming that the
4 homeowner is totally disabled due to non-service-connected accident or
5 illness for subdivision (b)(i) of this subsection, or certification from
6 the Department of Health and Human Services for subdivision (b)(iv) of
7 this subsection. Such certification from a qualified medical physician,
8 physician assistant, or advanced practice registered nurse or from the
9 Department of Health and Human Services shall be made on forms prescribed
10 by the Department of Revenue. If an individual described in subdivision
11 (b)(i), (ii), (iii), or (iv) of this subsection is granted a homestead
12 exemption pursuant to this section for any year, such individual shall
13 not be required to submit the certification required under this
14 subdivision in succeeding years if no change in medical condition has
15 occurred, except that the county assessor or the Tax Commissioner may
16 request such certification to verify that no change in medical condition
17 has occurred.

18 (2) For 2014, for a married or closely related claimant as described
19 in subsection (1) of this section, the percentage of the exempt amount
20 for which the claimant shall be eligible shall be the percentage in
21 Column B which corresponds with the claimant's household income in Column
22 A in the table found in this subsection.

23	Column A	Column B
24	Household Income	Percentage
25	In Dollars	Of Relief
26	0 through 34,700	100
27	34,701 through 36,400	90
28	36,401 through 38,100	80
29	38,101 through 39,800	70
30	39,801 through 41,500	60

1	41,501 through 43,200	50
2	43,201 through 44,900	40
3	44,901 through 46,600	30
4	46,601 through 48,300	20
5	48,301 through 50,000	10
6	50,001 and over	0

7 (3) For 2014, for a single claimant as described in subsection (1)
8 of this section, the percentage of the exempt amount for which the
9 claimant shall be eligible shall be the percentage in Column B which
10 corresponds with the claimant's household income in Column A in the table
11 found in this subsection.

12	Column A	Column B
13	Household Income	Percentage
14	In Dollars	Of Relief
15	0 through 30,300	100
16	30,301 through 31,700	90
17	31,701 through 33,100	80
18	33,101 through 34,500	70
19	34,501 through 35,900	60
20	35,901 through 37,300	50
21	37,301 through 38,700	40
22	38,701 through 40,100	30
23	40,101 through 41,500	20
24	41,501 through 42,900	10
25	42,901 and over	0

26 (4) For exemption applications filed in calendar years 2015 through
27 2017, the income eligibility amounts in subsections (2) and (3) of this
28 section shall be adjusted by the percentage determined pursuant to the
29 provisions of section 1(f) of the Internal Revenue Code of 1986, as it

1 existed prior to December 22, 2017. For exemption applications filed in
2 calendar year 2018 and each calendar year thereafter, the income
3 eligibility amounts in subsections (2) and (3) of this section shall be
4 adjusted by the percentage change in the Consumer Price Index for All
5 Urban Consumers published by the federal Bureau of Labor Statistics from
6 the twelve months ending on August 31, 2016, to the twelve months ending
7 on August 31 of the year preceding the applicable calendar year. The
8 income eligibility amounts shall be adjusted for cumulative inflation
9 since 2014. If any amount is not a multiple of one hundred dollars, the
10 amount shall be rounded to the next lower multiple of one hundred
11 dollars.

12 (5) The exemption provided in this section shall only apply with
13 respect to years in which a property tax is imposed. The exemption shall
14 terminate when the property tax terminates in accordance with section 4
15 of this act.

16 Sec. 70. Section 77-6406, Revised Statutes Cumulative Supplement,
17 2022, is amended to read:

18 77-6406 Any sales and use tax imposed pursuant to the The Qualified
19 Judgment Payment Act shall terminate as provided in section 3 of this act
20 terminates on January 1, 2027.

21 Sec. 71. Section 77-6827, Revised Statutes Cumulative Supplement,
22 2022, is amended to read:

23 77-6827 (1) In order to utilize the incentives allowed in the
24 Imagine Nebraska Act, the taxpayer shall file an application with the
25 director, on a form developed by the director, requesting an agreement.

26 (2) The application shall:

27 (a) Identify the taxpayer applying for incentives;

28 (b) Identify all locations sought to be within the agreement and the
29 reason each such location constitutes or is expected to constitute a
30 qualified location;

31 (c) State the estimated, projected amount of new investment and the

1 estimated, projected number of new employees;

2 (d) Identify the required levels of employment and investment for
3 the various incentives listed within section 77-6831 that will govern the
4 agreement. The taxpayer may identify different levels of employment and
5 investment until the first December 31 following the end of the ramp-up
6 period on a form approved by the director. The identified levels of
7 employment and investment will govern all years covered under the
8 agreement;

9 (e) Identify whether the agreement is for a single qualified
10 location, all qualified locations within a county, all qualified
11 locations in more than one county, or all qualified locations within the
12 state;

13 (f) Acknowledge that the taxpayer understands the requirements for
14 offering health coverage, and for reporting the value of such coverage,
15 as specified in the ImagiNE Nebraska Act;

16 (g) Acknowledge that the taxpayer does not violate any state or
17 federal law against discrimination;

18 (h) Acknowledge that the taxpayer understands the requirements for
19 providing a sufficient package of benefits to its employees as specified
20 in the ImagiNE Nebraska Act; and

21 (i) Contain a nonrefundable application fee of five thousand
22 dollars. The fee shall be remitted to the State Treasurer for credit to
23 the Nebraska Incentives Fund.

24 (3) An application must be complete to establish the date of the
25 application. An application shall be considered complete once it contains
26 the items listed in subsection (2) of this section.

27 (4) Once satisfied that the application is consistent with the
28 purposes stated in the ImagiNE Nebraska Act for one or more qualified
29 locations within this state, the director shall approve the application,
30 subject to the base authority limitations provided in section 77-6839.

31 (5) The director shall make his or her determination to approve or

1 not approve an application within ninety days after the date of the
2 application. If the director requests, by mail or by electronic means,
3 additional information or clarification from the taxpayer in order to
4 make his or her determination, such ninety-day period shall be tolled
5 from the time the director makes the request to the time he or she
6 receives the requested information or clarification from the taxpayer.
7 The taxpayer and the director may also agree to extend the ninety-day
8 period. If the director fails to make his or her determination within the
9 prescribed ninety-day period, the application is deemed approved, subject
10 to the base authority limitations provided in section 77-6839.

11 (6) There shall be no new applications for incentives filed under
12 this section after the effective date of this act ~~December 31, 2030~~. All
13 complete applications filed on or before the effective date of this act
14 ~~December 31, 2030~~, shall be considered by the director and approved if
15 the location or locations and taxpayer qualify for benefits, subject to
16 the base authority limitations provided in section 77-6839. Agreements
17 may be executed with regard to complete applications filed on or before
18 the effective date of this act ~~December 31, 2030~~. All agreements pending,
19 approved, or entered into before such date shall continue in full force
20 and effect.

21 Sec. 72. Section 79-1001, Revised Statutes Cumulative Supplement,
22 2022, is amended to read:

23 79-1001 (1) Sections 79-1001 to 79-1033 shall be known and may be
24 cited as the Tax Equity and Educational Opportunities Support Act.

25 (2) The Tax Equity and Educational Opportunities Support Act shall
26 apply until January 1, 2026. On and after such date, funding for the
27 public schools shall be governed by the Nebraska EPIC Option Consumption
28 Tax Act.

29 Sec. 73. Section 85-2231, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 85-2231 (1) Sections 85-2231 to 85-2237 shall be known and may be

1 cited as the Community College Aid Act.

2 (2) The Community College Aid Act shall apply until January 1, 2026.
3 On and after such date, community colleges shall be funded as provided in
4 the Nebraska EPIC Option Consumption Tax Act.

5 Sec. 74. Original sections 13-319, 13-501, 13-2813, 18-2147,
6 60-3,185, 60-3,190, 77-27,148, 77-3507, and 85-2231, Reissue Revised
7 Statutes of Nebraska, and sections 77-201, 77-2004, 77-2005, 77-2006,
8 77-2701, 77-3506, 77-3508, 77-6406, 77-6827, and 79-1001, Revised
9 Statutes Cumulative Supplement, 2022, are repealed.