

LEGISLATIVE BILL 727

Approved by the Governor June 6, 2023

Introduced by Linehan, 39.

A BILL FOR AN ACT relating to revenue and taxation; to amend sections 13-2602, 13-2603, 13-2604, 13-2605, 13-2609, 13-2610, 13-2611, 13-2612, 13-2706, 13-3102, 13-3103, 13-3104, 13-3108, 39-2205, 39-2209, 39-2211, 39-2212, 39-2213, 39-2216, 39-2222, 39-2223, 39-2703, 39-2704, 66-4,100, 77-1701, 77-1818, 77-1824, 77-1838, 77-2701.02, 77-2902, 77-2903, 77-2904, 77-2905, 77-2910, 77-2912, 77-3513, 77-3522, 77-4001, 77-4002, 77-4007, 77-4008, 77-4025, 77-5803, 77-5806, and 77-5808, Reissue Revised Statutes of Nebraska, sections 39-2215, 39-2224, 77-1344, 77-1347, 77-1403, 77-1631, 77-1633, 77-1802, 77-1837, 77-2015, 77-2701, 77-2701.04, 77-2701.41, 77-2704.12, 77-2704.15, 77-2704.36, 77-2711, 77-2713, 77-2715.07, 77-2716, 77-2717, 77-2734.03, 77-27,132, 77-27,187.02, 77-27,188, 77-27,223, 77-3506, 77-3512, 77-6702, 77-6818, 81-1229, 81-12,182, 81-12,245, 82-334, 82-335, 85-1802, 85-2601, 85-2602, 85-2603, and 85-2604, Revised Statutes Cumulative Supplement, 2022, and section 24, Legislative Bill 243, One Hundred Eighth Legislature, First Session, 2023; to adopt the Nebraska Biodiesel Tax Credit Act and the Good Life Transformational Projects Act; to change provisions relating to the Convention Center Facility Financing Assistance Act, the Civic and Community Center Financing Act, and the Sports Arena Facility Financing Assistance Act; to authorize issuance of highway bonds under the Nebraska Highway Bond Act; to change provisions relating to the Build Nebraska Act, agricultural or horticultural land receiving special valuation, the achieving a better life experience program, the Property Tax Request Act, enforcement of delinquent taxes on real property, reports on inheritance taxes, and sales and use tax provisions relating to purchasing agents and exemptions for nonprofit organizations and for purchases by the state, schools, and governmental units; to provide a sales and use tax exemption for baling wire and twine as prescribed; to provide an income tax deduction to retired firefighters for health insurance premiums; to change provisions relating to distribution of certain sales and use tax revenue and the Nebraska Advantage Rural Development Act; to provide an income tax credit for certain food donations; to change provisions relating to the Nebraska Job Creation and Mainstreet Revitalization Act and homestead exemptions; to impose a tax on electronic nicotine delivery systems; to change provisions relating to the Nebraska Advantage Research and Development Act, the Nebraska Property Tax Incentive Act, and the Imagine Nebraska Act; to create a fund; to change provisions relating to a workforce housing grant program, the Nebraska Transformational Projects Act, a grant program of the Department of Economic Development, a grant program of the Nebraska Arts Council, and the Nebraska educational savings plan trust; to rename the Law Enforcement Education Act and change provisions therein; to change an operative date provision as prescribed; to harmonize provisions; to provide operative dates; to provide severability; to repeal the original sections; and to declare an emergency.

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

Section 1. Sections 1 to 8 of this act shall be known and may be cited as the Nebraska Biodiesel Tax Credit Act.

Sec. 2. For purposes of the Nebraska Biodiesel Tax Credit Act:

(1) Biodiesel means mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats which conform to American Society for Testing and Materials D6751 specifications for use in diesel engines. Biodiesel refers to the pure fuel with less than one percent blended with diesel fuel;

(2) Department means the Department of Revenue;

(3) Motor fuel pump means a meter or similar commercial weighing and measuring device used to measure and dispense motor fuel originating from a motor fuel storage tank;

(4) Retail dealer means a person engaged in the business of storing and dispensing motor fuel from a motor fuel pump for sale on a retail basis;

(5) Retail motor fuel site means a geographic location in this state where a retail dealer sells and dispenses motor fuel from a motor fuel pump on a retail basis, including a permanent or mobile location; and

(6) Taxpayer means any natural person or any limited liability company, partnership, private domestic or private foreign corporation, or domestic or foreign nonprofit corporation certified pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Sec. 3. (1) Any taxpayer who is a retail dealer and who sold and dispensed biodiesel on a retail basis during the prior calendar year through a motor fuel pump located at the taxpayer's retail motor fuel site shall be eligible to receive tax credits under the Nebraska Biodiesel Tax Credit Act.

(2) The tax credit shall be in an amount equal to fourteen cents multiplied by the total number of gallons of biodiesel sold by the taxpayer on a retail basis during the prior calendar year through a motor fuel pump located

at the taxpayer's retail motor fuel site.

(3) The tax credit shall be a refundable credit that may be used against the income tax imposed by the Nebraska Revenue Act of 1967.

(4) Tax credits allowed under this section may be claimed for taxable years beginning or deemed to begin on or after January 1, 2024, under the Internal Revenue Code of 1986, as amended.

(5) To receive tax credits, a taxpayer shall submit an application to the department on a form prescribed by the department. Applications may be submitted from January 1 to April 15 of each calendar year beginning in 2024. The application shall include the following information:

(a) The name and address of the taxpayer;

(b) The total number of gallons of biodiesel sold by the taxpayer on a retail basis during the prior calendar year through a motor fuel pump located at the taxpayer's retail motor fuel site; and

(c) Any other documentation required by the department.

Sec. 4. (1) If the department determines that an application is complete and that the taxpayer qualifies for tax credits, the department shall approve the application within the limits set forth in this section and shall certify the amount of tax credits approved to the taxpayer.

(2) The department may approve up to one million dollars in tax credits in any calendar year. If the total amount of tax credits requested in any calendar year exceeds such limit, the department shall allocate the tax credits proportionally based upon amounts requested.

Sec. 5. (1) A taxpayer shall claim the tax credit by attaching the tax credit certification received from the department under section 4 of this act to the taxpayer's tax return.

(2) Any credit in excess of the taxpayer's tax liability shall be refunded to the taxpayer. In lieu of claiming a refund, the taxpayer may elect to have the excess carried forward to subsequent taxable years. A taxpayer may carry forward the excess tax credits until fully utilized.

Sec. 6. Any tax credit allowable to a partnership, a limited liability company, a subchapter S corporation, a cooperative corporation, or an estate or trust may be distributed to the partners, limited liability company members, shareholders, cooperative members, or beneficiaries in the same manner as income is distributed.

Sec. 7. There shall be no new applications filed under the Nebraska Biodiesel Tax Credit Act after December 31, 2028. All applications and all tax credits pending or approved before such date shall continue in full force and effect.

Sec. 8. The department may adopt and promulgate rules and regulations to carry out the Nebraska Biodiesel Tax Credit Act.

Sec. 9. Sections 9 to 15 of this act shall be known and may be cited as the Good Life Transformational Projects Act.

Sec. 10. (1) The purpose of the Good Life Transformational Projects Act is to promote and develop the general and economic welfare of this state and its communities by providing support for unique Nebraska projects that will attract new industries and employment opportunities and further grow and strengthen Nebraska's retail, entertainment, and tourism industries.

(2) The Legislature finds that it will be beneficial to the economic well-being of the people of this state to encourage transformational development projects within the state that create jobs, infrastructure, and other improvements and attract and retain tourists and college graduates from around the state.

(3) The Legislature further finds that such projects will (a) generate new economic activity, as well as additional state and local taxes from persons residing within and outside the state, (b) create new economic opportunities and jobs for residents, and (c) promote new-to-market retail, entertainment, and dining attractions.

Sec. 11. For purposes of the Good Life Transformational Projects Act:

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

(2) Good life district means a district established pursuant to section 13 of this act.

Sec. 12. (1) Until December 31, 2024, any person may apply to the department to create a good life district. All applications shall be in writing and shall contain:

(a) A description of the proposed project to be undertaken within the good life district, including a description of any existing development, an estimate of the total new development costs for the project, and an estimate of the number of new jobs to be created as a result of the project;

(b) A map identifying the good life district to be used for purposes of the project;

(c) A description of the proposed financing of the project;

(d) Documentation of local financial commitment to support the project, including all public and private resources pledged or committed to the project and including a copy of any operating agreement or lease with substantial users of the project area; and

(e) Sufficient documents, plans, and specifications as required by the department to define the project, including the following:

(i) A statement of how the jobs and taxes obtained from the project will contribute significantly to the economic development of the state and region;

(ii) Visitation expectations and a plan describing how the number of visitors to the good life district will be tracked and reported on an annual basis;

- (iii) Any unique qualities of the project;
- (iv) An economic impact study, including the anticipated effect of the project on the regional and statewide economies;
- (v) Project accountability, measured according to best industry practices;
- (vi) The expected return on state and local investment the project is anticipated to produce; and
- (vii) A summary of community involvement, participation, and support for the project.

(2) Upon receiving an application, the department shall review the application and notify the applicant of any additional information needed for a proper evaluation of the application.

(3) The application and all supporting information shall be confidential except for the location of the project, the total new development costs estimated for the project, and the number of new jobs estimated to be created as a result of the project.

Sec. 13. (1) If the department finds that the project described in the application meets the eligibility requirements of this section, the application shall be approved.

(2) A project is eligible if:

(a) The applicant demonstrates that the total new development costs of the project will exceed:

(i) One billion dollars if the project will be located in a city of the metropolitan class;

(ii) Seven hundred fifty million dollars if the project will be located in a city of the primary class;

(iii) Five hundred million dollars if the project will be located in a city of the first class, city of the second class, or village within a county with a population of one hundred thousand inhabitants or more; or

(iv) One hundred million dollars if the project will be located in a city of the first class, city of the second class, or village within a county with a population of less than one hundred thousand inhabitants;

(b) The applicant demonstrates that the project will directly or indirectly result in the creation of:

(i) One thousand new jobs if the project will be located in a city of the metropolitan class;

(ii) Five hundred new jobs if the project will be located in a city of the primary class;

(iii) Two hundred fifty new jobs if the project will be located in a city of the first class, city of the second class, or village within a county with a population of one hundred thousand inhabitants or more; or

(iv) Fifty new jobs if the project will be located in a city of the first class, city of the second class, or village within a county with a population of less than one hundred thousand inhabitants; and

(c)(i) For a project that will be located in a county with a population of one hundred thousand inhabitants or more, the applicant demonstrates that, upon completion of the project, at least twenty percent of sales at the project will be made to persons residing outside the State of Nebraska or the project will generate a minimum of six hundred thousand visitors per year who reside outside the State of Nebraska and the project will attract new-to-market retail to the state and will generate a minimum of three million visitors per year; or

(ii) For a project that will be located in a county with a population of less than one hundred thousand inhabitants, the applicant demonstrates that, upon completion of the project, at least twenty percent of sales at the project will be made to persons residing outside the State of Nebraska.

(3) The applicant must certify that any anticipated diversion of state sales tax revenue will be offset or exceeded by sales tax paid on anticipated development costs, including construction to real property, during the same period.

(4) A project is not eligible if the project includes a licensed racetrack enclosure or an authorized gaming operator as such terms are defined in section 9-1103.

(5) Approval of an application under this section shall establish the good life district as that area depicted in the map accompanying the application as submitted pursuant to subdivision (1)(b) of section 12 of this act. Such district shall last for twenty-five years and shall not exceed two thousand acres in size.

(6) Upon establishment of a good life district under this section, any transactions occurring within the district shall be subject to a reduced sales tax rate as provided in section 77-2701.02.

Sec. 14. The department shall terminate a good life district established pursuant to section 13 of this act if the applicant has not met seventy-five percent of the investment threshold required under subdivision (2)(a) of section 13 of this act within ten years after establishment of such district.

Sec. 15. No provision in the Good Life Transformational Projects Act shall be construed to limit the existing statutory authority of any political subdivision.

Sec. 16. Section 13-2602, Reissue Revised Statutes of Nebraska, is amended to read:

13-2602 (1) The Legislature finds that it will be beneficial to the economic well-being of the people of this state that there be convention and meeting center facilities and sports arena facilities of appropriate size and quality to host regional, national, or international events. Regional refers to states that border Nebraska; national refers to states other than those that

border Nebraska; and international refers to nations other than the United States.

(2) The Legislature further finds that such facilities may (a) generate new economic activity as well as additional state and local taxes from persons residing within and outside the state and (b) create new economic opportunities for residents.

(3) In order that the state may receive any long-term economic and fiscal benefits from such facilities, a need exists to provide some state assistance to political subdivisions endeavoring to construct, acquire, substantially reconstruct, expand, operate, improve, or equip such facilities.

(4) ~~Therefore~~ ~~Therefor~~, it is deemed to be in the best interest of both the state and its political subdivisions that the state assist political subdivisions in financing the construction, acquisition, substantial reconstruction, expansion, operation, improvement, or equipping of such facilities.

(5) The amount of state assistance provided under the Convention Center Facility Financing Assistance Act shall be limited to a designated portion of state sales tax revenue collected by retailers and operators doing business at such facilities on sales at such facilities, state sales tax revenue collected on primary and secondary box office sales of admissions to such facilities, and state sales tax revenue collected by associated hotels and nearby retailers.

Sec. 17. Section 13-2603, Reissue Revised Statutes of Nebraska, is amended to read:

13-2603 For purposes of the Convention Center Facility Financing Assistance Act:

(1) Associated hotel means any publicly or privately owned facility in which the public may, for a consideration, obtain sleeping accommodations and which is located, in whole or in part, within six hundred yards of an eligible facility, measured from any point of the exterior perimeter of the eligible facility but not from any parking facility or other structure, except that if the eligible facility is within six hundred yards of the State Capitol, the area used in determining associated hotels shall be one or more areas selected by the applicant which aggregate the same total amount of square footage that such area would have contained had the eligible facility not been within six hundred yards of the State Capitol. The area used in determining associated hotels shall be depicted on a map submitted pursuant to section 13-2605;

(2) Board means a board consisting of the Governor, the State Treasurer, the chairperson of the Nebraska Investment Council, the chairperson of the Nebraska State Board of Public Accountancy, and a professor of economics on the faculty of a state postsecondary educational institution appointed to a two-year term on the board by the Coordinating Commission for Postsecondary Education. For administrative and budget purposes only, the board shall be considered part of the Department of Revenue;

(3) Bond means a general obligation bond, redevelopment bond, lease-purchase bond, revenue bond, or combination of any such bonds;

(4) Convention and meeting center facility means a temperature-controlled building and personal property primarily used as a convention and meeting center, including an auditorium, an exhibition hall, a facility for onsite food preparation and serving, an onsite, directly connected parking facility for the use of the convention and meeting center facility, a nearby parking facility for the use of the convention and meeting center facility, and an onsite administrative office of the convention and meeting center facility;

(5)(a) Eligible facility means any publicly owned convention and meeting center facility approved for state assistance on or before June 1, 2007, any publicly owned sports arena facility attached to such convention and meeting center facility, or any publicly ~~or privately~~ owned convention and meeting center facility or publicly ~~or privately~~ owned sports arena facility acquired, constructed, improved, or equipped after June 1, 2007; and

(b) Beginning with applications for financial assistance received on or after February 1, 2008, eligible facility does not include any publicly ~~or privately~~ owned sports arena facility with a seating capacity greater than sixteen thousand seats;

(6) General obligation bond means any bond or refunding bond issued by a political subdivision and which is payable exclusively from the proceeds of an ad valorem tax;

(7) Nearby parking facility means any parking lot, parking garage, or other parking structure that is not directly connected to a convention and meeting center facility but which is located, in whole or in part, within six hundred yards of a convention and meeting center facility, measured from any point of the exterior perimeter of such facility but not from any other parking facility or other structure;

(8) Nearby retailer means a retailer as defined in section 77-2701.32 that is located, in whole or in part, within six hundred yards of an eligible facility the application for which is approved on or after the operative date of this section, measured from any point of the exterior perimeter of the eligible facility but not from any parking facility or other structure, except that if the eligible facility is within six hundred yards of the State Capitol, the area used in determining nearby retailers shall be one or more areas selected by the applicant which aggregate the same total amount of square footage that such area would have contained had the eligible facility not been within six hundred yards of the State Capitol. The area used in determining nearby retailers shall be depicted on a map submitted pursuant to section 13-2605;

(9) ~~(8)~~ Political subdivision means any local governmental body formed and organized under state law and any joint entity or joint public agency created under state law to act on behalf of political subdivisions which has statutory authority to issue general obligation bonds;

(10) ~~(9)~~ Revenue bond means any bond or refunding bond issued by a political subdivision which is limited or special rather than a general obligation bond of the political subdivision and which is not payable from the proceeds of an ad valorem tax; and

(11) ~~(10)~~ Sports arena facility means any enclosed temperature-controlled building primarily used for competitive sports, including arenas, dressing and locker facilities, concession areas, parking facilities, and onsite administrative offices connected with operating the facilities.

Sec. 18. Section 13-2604, Reissue Revised Statutes of Nebraska, is amended to read:

13-2604 Any political subdivision that has acquired, constructed, improved, or equipped or has approved a ~~general obligation~~ bond issue to acquire, construct, improve, or equip eligible facilities may apply to the board for state assistance. The state assistance shall be used:

(1) To pay back amounts expended or borrowed through one or more issues of bonds to be expended by the political subdivision to acquire, construct, improve, repair, replace, and equip any eligible facilities until repayment in full of the amounts expended or borrowed by the political subdivision, including the principal of and interest on bonds, for all of its eligible facilities;

(2) To pay for capital improvements to any eligible facilities; and

(3) To acquire, construct, improve, repair, replace, and equip nearby parking facilities.

Sec. 19. Section 13-2605, Reissue Revised Statutes of Nebraska, is amended to read:

13-2605 (1) All applications for state assistance under the Convention Center Facility Financing Assistance Act shall be in writing and shall include a certified copy of the approving action of the governing body of the applicant describing the proposed eligible facility and the anticipated financing.

(2) The application shall contain:

(a) A description of the proposed financing of the eligible facility, including the estimated principal and interest requirements for the bonds proposed to be issued in connection with the eligible facility or the amounts necessary to repay the original investment by the applicant in the eligible facility;

(b) Documentation of local financial commitment to support the project, including all public and private resources pledged or committed to the project; ~~and~~

(c) A map identifying the area to be used in determining associated hotels and nearby retailers; and

~~(d) (e)~~ Any other project information deemed appropriate by the board.

(3) Upon receiving an application for state assistance, the board shall review the application and notify the applicant of any additional information needed for a proper evaluation of the application.

(4) Any state assistance received pursuant to the act shall be used only for public purposes.

(5) Approval of an application for state assistance by the board after the operative date of this section pursuant to section 13-2607 shall establish the area to be used for determining associated hotels and nearby retailers as the aggregate area depicted in the map accompanying the application for state assistance as submitted pursuant to subdivision (2)(c) of this section.

(6) ~~(5)~~ Each political subdivision that had an application for state assistance approved prior to October 1, 2016, shall submit a map to the Department of Revenue showing the area that lies within six hundred yards of the eligible facility as such area is described in subdivision (1) of section 13-2603. The department shall approve such area if it satisfies the requirements of subdivision (1) of section 13-2603.

Sec. 20. Section 13-2609, Reissue Revised Statutes of Nebraska, is amended to read:

13-2609 (1) If an application is approved, the Tax Commissioner shall:

(a) Audit or review audits of the approved convention and meeting center facility, sports arena facility, ~~or associated hotel, or nearby retailer~~ to determine the state sales tax revenue collected by retailers and operators doing business at such facilities on sales at such facilities, state sales tax revenue collected on primary and secondary box office sales of admissions to such facilities, and state sales tax revenue collected by associated hotels and nearby retailers; and

(b) Certify annually the amount of state sales tax revenue collected by retailers and operators doing business at such facilities on sales at such facilities, state sales tax revenue collected on primary and secondary box office sales of admissions to such facilities, and state sales tax revenue collected by associated hotels and nearby retailers, to the State Treasurer.

(2) State sales tax revenue collected by retailers and operators that are not eligible facilities but are doing business at eligible facilities shall be reported on informational returns developed by the Department of Revenue and provided to any such retailers and operators by the eligible facility. The informational returns shall be submitted to the department by the retailer or operator by the twentieth day of the month following the month the sales taxes are collected. The Tax Commissioner shall use the data from the informational

returns and sales tax returns of eligible facilities, ~~and~~ associated hotels, ~~and nearby retailers~~ to determine the appropriate amount of state sales tax revenue.

(3) Changes made to the Convention Center Facility Financing Assistance Act by Laws 2007, LB 551, shall apply to state sales tax revenue collected commencing on July 1, 2006.

Sec. 21. Section 13-2610, Reissue Revised Statutes of Nebraska, is amended to read:

13-2610 (1) Upon the annual certification under section 13-2609, the State Treasurer shall transfer after the audit the amount certified to the Convention Center Support Fund. The Convention Center Support Fund is created. Transfers may be made from the fund to the General Fund at the direction of the Legislature. Any money in the Convention Center Support Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(2)(a) It is the intent of the Legislature to appropriate from the fund to any political subdivision for which an application for state assistance under the Convention Center Facility Financing Assistance Act has been approved an amount not to exceed (i) seventy percent of the state sales tax revenue collected by retailers and operators doing business at such facilities on sales at such facilities, state sales tax revenue collected on primary and secondary box office sales of admissions to such facilities, and state sales tax revenue collected by associated hotels and nearby retailers, (ii) one hundred fifty million dollars for any one approved project, or (iii) the total cost of acquiring, constructing, improving, repairing, replacing, or equipping the eligible facilities of the political subdivision facility. State assistance shall not be used for an operating subsidy.

(b) It is further the intent of the Legislature to appropriate from the fund to any city of the metropolitan class for which an application for state assistance under the Convention Center Facility Financing Assistance Act has been approved an amount not to exceed the amount of money transferred to the fund pursuant to subdivision (9)(a) of section 13-3108.

(3)(a) Ten percent of the funds appropriated to a city of the metropolitan class under subdivision (2)(a) of this section and all of the funds appropriated to a city of the metropolitan class under subdivision (2)(b) of this section shall be equally distributed to areas with a high concentration of poverty. Fifty-five percent of such funds shall be used to showcase important historical aspects of such areas or areas within close geographic proximity of the area with a high concentration of poverty and to assist with the reduction of street and gang violence in such areas. Forty-five percent of such funds shall be used to assist with small business and entrepreneurship growth in such areas.

(b) Each area with a high concentration of poverty that has been distributed funds under subdivision (3)(a) of this section shall establish a development fund and form a committee which shall identify and research potential projects to be completed in the area with a high concentration of poverty or in an area within close geographic proximity of such area if the project would have a significant or demonstrable impact on such area and make final determinations on the use of the funds received for such projects.

(c) A committee formed under subdivision (3)(b) of this section shall include the following members:

(i) The member of the city council whose district includes a majority of the census tracts which each contain a percentage of persons below the poverty line of greater than thirty percent, as determined by the most recent federal decennial census, within the area with a high concentration of poverty;

(ii) The commissioner of the county whose district includes a majority of the census tracts which each contain a percentage of persons below the poverty line of greater than thirty percent, as determined by the most recent federal decennial census, within the area with a high concentration of poverty;

(iii) Two residents of the area with a high concentration of poverty, appointed by the two members of the committee described in subdivisions (3)(c)(i) and (ii) of this section. Such resident members shall be appointed for four-year terms. Each time a resident member is to be appointed pursuant to this subdivision, the committee shall solicit applications from interested individuals by posting notice of the open position on the city's website and on the city's official social media accounts, if any, and by publishing the notice in a legal newspaper in or of general circulation in the area with a high concentration of poverty. Applications may be submitted to either of the committee members described in subdivisions (3)(c)(i) and (ii) of this section. Prior to making any appointment, the committee shall hold a public hearing in the area with a high concentration of poverty. Notice of the hearing shall be provided, at least seven days prior to the hearing, by posting the notice on the city's website and on the city's official social media accounts, if any, and by publishing the notice in a legal newspaper in or of general circulation in the area with a high concentration of poverty; and

(iv) The member of the Legislature whose district includes a majority of the census tracts which each contain a percentage of persons below the poverty line of greater than thirty percent, as determined by the most recent federal decennial census, within the area with a high concentration of poverty. The member described in this subdivision shall be a nonvoting member of the committee.

(d) A committee formed under subdivision (3)(b) of this section shall solicit project ideas from the public and shall hold a public hearing in the

area with a high concentration of poverty. Notice of a proposed hearing shall be provided in accordance with the procedures for notice of a public hearing pursuant to section 18-2115.01. The committee shall research potential projects and make the final determination regarding the annual distribution of funding to such projects.

(e) For any committee formed under subdivision (3)(b) of this section:

(i) The two committee members described in subdivisions (3)(c)(i) and (ii) of this section shall share joint responsibility of all committee operations and meetings. Applications for funding may be submitted to either of such members; and

(ii) All applications, reports, and other records of the committee shall be accessible to any member of the committee.

(f) Each recipient of funding from a committee formed under subdivision (3)(b) of this section shall submit an itemized report to such committee on the use of such funds. A recipient shall not be eligible to receive funding for more than three consecutive years unless such recipient is able to justify continued funding based on the following criteria:

(i) The number of people served by the project;

(ii) The relevance and scale of the project;

(iii) The desirability of the social or environmental outcomes of the project and how such outcomes will be achievable and measurable;

(iv) The economic impact on the area with a high concentration of poverty; and

(v) The recipient's sustainability plan.

(g) On or before July 1, 2022, and on or before July 1 of each year thereafter, a committee formed under subdivision (3)(b) of this section shall electronically submit a report to the Legislature which includes:

(i) A description of the projects that were funded during the most recently completed calendar year;

(ii) A description of where such projects were located;

(iii) A description of the outcomes of such projects; and

(iv) A ten-year strategic plan on how the committee plans to meet the goals described in subdivision (3)(a) of this section.

(h) For purposes of this subsection, an area with a high concentration of poverty means an area within the corporate limits of a city of the metropolitan class consisting of one or more contiguous census tracts, as determined by the most recent federal decennial census, which contain a percentage of persons below the poverty line of greater than thirty percent, and all census tracts contiguous to such tract or tracts, as determined by the most recent federal decennial census.

(4)(a) Ten percent of the funds appropriated to a city of the primary class under subdivision (2)(a) of this section may, if the city determines by consent of the city council that such funds are not currently needed for the purposes described in section 13-2604, be used as follows:

(i) For investment in the construction of qualified low-income housing projects as defined in 26 U.S.C. 42, including qualified projects receiving Nebraska affordable housing tax credits under the Affordable Housing Tax Credit Act; or

(ii) If there are no such qualified low-income housing projects as defined in 26 U.S.C. 42 being constructed or expected to be constructed within the political subdivision, for investment in areas with a high concentration of poverty to assist with low-income housing needs.

(b) For purposes of this subsection, an area with a high concentration of poverty means an area within the corporate limits of a city of the primary class consisting of one or more contiguous census tracts, as determined by the most recent American Community Survey 5-Year Estimate, which contain a percentage of persons below the poverty line of greater than thirty percent, and all census tracts contiguous to such tract or tracts, as determined by the most recent American Community Survey 5-Year Estimate.

(5) State assistance to the political subdivision shall no longer be available upon the retirement of the bonds issued to acquire, construct, improve, repair, replace, or equip all of the political subdivision's facilities ~~facility~~ or any subsequent bonds that refunded the original issue or when state assistance reaches the amount determined under subdivision (2)(a) of this section, whichever comes first.

(6) The remaining thirty percent of state sales tax revenue collected by retailers and operators doing business at such facilities on sales at such facilities, state sales tax revenue collected on primary and secondary box office sales of admissions to such facilities, and state sales tax revenue collected by associated hotels and nearby retailers, shall be appropriated by the Legislature to the Civic and Community Center Financing Fund. Upon the annual certification required pursuant to section 13-2609 and following the transfer to the Convention Center Support Fund required pursuant to subsection (1) of this section, the State Treasurer shall transfer an amount equal to the remaining thirty percent from the Convention Center Support Fund to the Civic and Community Center Financing Fund.

(7) Any municipality that has applied for and received a grant of assistance under the Civic and Community Center Financing Act may not receive state assistance under the Convention Center Facility Financing Assistance Act.

Sec. 22. Section 13-2611, Reissue Revised Statutes of Nebraska, is amended to read:

13-2611 (1) The applicant political subdivision may issue from time to time its bonds and refunding bonds to finance and refinance the acquisition,

construction, improving, repairing, replacing, and equipping of eligible facilities and appurtenant public facilities that are a part of the same project or projects. The bonds may be sold by the applicant in such manner and for such price as the applicant determines, at a discount, at par, or at a premium, at private negotiated sale or at public sale, after notice published prior to the sale in a legal newspaper having general circulation in the political subdivision or in such other medium of publication of notice of sale as the applicant deems appropriate. The bonds shall have a stated maturity of ~~forty~~ thirty years or less and shall bear interest at such rate or rates and otherwise be issued in accordance with the respective procedures and with such other terms and provisions as are established, permitted, or authorized by applicable state laws and home rule charters for the type of bonds to be issued. Such bonds may be secured as to payment in whole or in part by a pledge, as shall be determined by the applicant, from the income, proceeds, and revenue of the eligible facilities financed with proceeds of such bonds, from the income, proceeds, and revenue of any of its eligible facilities, or from its revenue and income, including its sales, use, or occupation tax revenue, fees, appropriations, or receipts, as may be determined by the applicant. The applicant may further secure the bonds by a mortgage or deed of trust encumbering all or any portion of the eligible facilities and by a bond insurance policy or other credit support facility. No general obligation bonds, except refunding bonds, shall be issued until authorized by greater than fifty percent of the applicant's electors voting on the question as to their issuance at any election as defined in section 32-108. The face of the bonds shall plainly state that the bonds and the interest thereon shall not constitute nor give rise to an indebtedness, obligation, or pecuniary liability of the state nor a charge against the general credit, revenue, or taxing power of the state. Bonds of the applicant are declared to be issued for an essential public and governmental purpose and, together with interest thereon and income therefrom, shall be exempt from all state income taxes.

(2) All payments to political subdivisions under the Convention Center Facility Financing Assistance Act are made subject to specific appropriation for such purpose. Nothing in the act precludes the Legislature from amending or repealing the act at any time.

Sec. 23. Section 13-2612, Reissue Revised Statutes of Nebraska, is amended to read:

13-2612 The board shall not accept applications for assistance under the Convention Center Facility Financing Assistance Act after December 31, ~~2030~~ 2012.

Sec. 24. Section 13-2706, Reissue Revised Statutes of Nebraska, is amended to read:

13-2706 (1) Except as provided in subsection (2) of this section for a city of the primary class, any municipality that has applied for and received a grant of assistance under the Sports Arena Facility Financing Assistance Act shall not receive state assistance under the Civic and Community Center Financing Act for the same project for which the grant was awarded under the Sports Arena Facility Financing Assistance Act.

(2) A city of the primary class shall not be eligible to receive a grant of assistance from the Civic and Community Center Financing Act if the city has applied for and received a grant of assistance under the Sports Arena Facility Financing Assistance Act.

(3) Any city that has received funding under the Convention Center Facility Financing Assistance Act shall not receive state assistance under the Civic and Community Center Financing Act.

(4) From July 1, 2023, to June 30, 2024, a municipality shall be eligible for a grant of assistance under the Civic and Community Center Financing Act only if such municipality (a) partners with a certified creative district and (b) is not prohibited from receiving a grant of assistance under subsection (1), (2), or (3) of this section. Notwithstanding the limitations on the amount of grants of assistance in section 13-2705, the department may award grants of assistance to qualifying municipalities in amounts set by the Nebraska Arts Council, which shall not be less than one hundred thousand dollars. The department shall coordinate with the Nebraska Arts Council for purposes of setting such amounts ~~amount of any grant of assistance for a municipality partnering with a certified creative district shall not be less than one hundred thousand dollars or more than two hundred fifty thousand dollars, regardless of the population of the municipality.~~ For purposes of this subsection, certified creative district means a creative district certified pursuant to subdivision (5) of section 82-312. After June 30, 2024, this subsection no longer applies.

(5) Any municipality eligible for a grant of assistance as provided in this section may apply for a grant of assistance from the fund. Any tribal government may apply for a grant of assistance from the fund. Application shall be made on forms developed by the department.

Sec. 25. Section 13-3102, Reissue Revised Statutes of Nebraska, is amended to read:

13-3102 For purposes of the Sports Arena Facility Financing Assistance Act:

- (1) Applicant means:
 - (a) A political subdivision; or
 - (b) A political subdivision and nonprofit organization that jointly submit an application under the act;
- (2) Board means a board consisting of the Governor, the State Treasurer,

the chairperson of the Nebraska Investment Council, the chairperson of the Nebraska State Board of Public Accountancy, and a professor of economics on the faculty of a state postsecondary educational institution appointed to a two-year term on the board by the Coordinating Commission for Postsecondary Education. For administrative and budget purposes only, the board shall be considered part of the Department of Revenue;

(3) Bond means a general obligation bond, redevelopment bond, lease-purchase bond, revenue bond, or combination of any such bonds;

(4) Concert venue means any enclosed, temperature-controlled building that is primarily used for live performances with an indoor capacity of at least two thousand two hundred fifty but no more than three thousand five hundred persons;

(5) ~~(4)~~ Court means a rectangular hard surface primarily used indoors for competitive sports, including, but not limited to, basketball, volleyball, or tennis;

(6) ~~(5)~~ Date that the project commenced means the date when a project starts as specified by a contract, resolution, or formal public announcement;

(7) ~~(6)~~ Economic redevelopment area means an area in the State of Nebraska in which:

(a) The average rate of unemployment in the area during the period covered by the most recent federal decennial census or American Community Survey 5-Year Estimate by the United States Bureau of the Census is at least one hundred fifty percent of the average rate of unemployment in the state during the same period; and

(b) The average poverty rate in the area is twenty percent or more for the federal census tract in the area;

(8) ~~(7)~~ Eligible sports arena facility means:

(a) Any publicly owned, enclosed, and temperature-controlled building primarily used for sports that has a permanent seating capacity of at least three thousand but no more than seven thousand seats and in which initial occupancy occurs on or after July 1, 2010, including stadiums, arenas, dressing and locker facilities, concession areas, parking facilities, nearby parking facilities for the use of the eligible sports arena facility, and onsite administrative offices connected with operating the facilities;

(b) Any racetrack enclosure licensed by the State Racing and Gaming Commission in which initial occupancy occurs on or after July 1, 2010, including concession areas, parking facilities, and onsite administrative offices connected with operating the racetrack; ~~and~~

(c) Any sports complex, including concession areas, parking facilities, and onsite administrative offices connected with operating the sports complex; and

(d) Any privately owned concert venue, including stages, dressing rooms, concession areas, parking facilities, lobby areas, and onsite administrative offices used in operating the concert venue;

(9) ~~(8)~~ General obligation bond means any bond or refunding bond issued by a political subdivision and which is payable from the proceeds of an ad valorem tax;

(10) ~~(9)~~ Increase in state sales tax revenue means the amount of state sales tax revenue collected by a nearby retailer during the fiscal year for which state assistance is calculated minus the amount of state sales tax revenue collected by the nearby retailer in the fiscal year that ended immediately preceding the project completion date of the eligible sports arena facility, except that the amount of state sales tax revenue of a nearby retailer shall not be less than zero;

(11) ~~(10)~~ Multipurpose field means a rectangular field of grass or synthetic turf which is primarily used for competitive field sports, including, but not limited to, soccer, football, flag football, lacrosse, or rugby;

(12) ~~(11)~~ Nearby parking facility means any parking lot, parking garage, or other parking structure that is not directly connected to an eligible sports arena facility but which is located, in whole or in part, within seven hundred yards of an eligible sports arena facility, measured from any point of the exterior perimeter of such facility but not from any other parking facility or other structure;

(13) ~~(12)~~ Nearby retailer means a retailer as defined in section 77-2701.32 that is located within the program area. The term includes a subsequent owner of a nearby retailer operating at the same location;

(14) ~~(13)~~ New state sales tax revenue means:

(a) For any eligible sports arena facility that is not a sports complex:

(i) One hundred percent of the state sales tax revenue that (A) is collected by a nearby retailer that commenced collecting state sales tax during the period of time beginning twenty-four months prior to the project completion date of the eligible sports arena facility and ending forty-eight months after the project completion date of the eligible sports arena facility or, for applications for state assistance approved prior to October 1, 2016, forty-eight months after October 1, 2016, and (B) is sourced under sections 77-2703.01 to 77-2703.04 to the program area; and

(ii) The increase in state sales tax revenue that (A) is collected by a nearby retailer that commenced collecting state sales tax prior to twenty-four months prior to the project completion date of the eligible sports arena facility and (B) is sourced under sections 77-2703.01 to 77-2703.04 to the program area; or

(b) For any eligible sports arena facility that is a sports complex, one hundred percent of the state sales tax revenue that (i) is collected by a

nearby retailer that commenced collecting state sales tax during the period of time beginning on the date that the project commenced and ending forty-eight months after the project completion date of the eligible sports arena facility and (ii) is sourced under sections 77-2703.01 to 77-2703.04 to the program area;

~~(15)~~ ~~(14)~~ Political subdivision means any city, village, or county;

~~(16)~~ ~~(15)~~ Program area means:

(a) For any eligible sports arena facility that is not a sports complex:

(i) For applications for state assistance submitted prior to October 1, 2016, the area that is located within six hundred yards of an eligible sports arena facility, measured from any point of the exterior perimeter of the facility but not from any parking facility or other structure; or

(ii) For applications for state assistance submitted on or after October 1, 2016, the area that is located within six hundred yards of an eligible sports arena facility, measured from any point of the exterior perimeter of the facility but not from any parking facility or other structure, except that if twenty-five percent or more of such area is unbuildable property, then the program area shall be adjusted so that:

(A) It avoids as much of the unbuildable property as is practical; and

(B) It contains contiguous property with the same total amount of square footage that the program area would have contained had no adjustment been necessary; or

(b) For any eligible sports arena facility that is a sports complex, the area that is located within six hundred yards of an eligible sports arena facility, measured from any point of the exterior boundary or property line of the facility.

Approval of an application for state assistance by the board pursuant to section 13-3106 shall establish the program area as that area depicted in the map accompanying the application for state assistance as submitted pursuant to subdivision (2)(c) of section 13-3104;

~~(17)~~ ~~(16)~~ Project completion date means:

(a) For projects involving the acquisition or construction of an eligible sports arena facility, the date of initial occupancy of the facility following the completion of such acquisition or construction; or

(b) For all other projects, the date of completion of the project for which state assistance is received;

~~(18)~~ ~~(17)~~ Revenue bond means any bond or refunding bond issued by a political subdivision which is limited or special rather than a general obligation bond of the political subdivision and which is not payable from the proceeds of an ad valorem tax;

~~(19)~~ ~~(18)~~ Sports complex means a facility that:

(a) Includes indoor areas, outdoor areas, or both;

(b) Is primarily used for competitive sports; and

(c) Contains at least:

(i) Twelve separate sports venues if such facility is located in a city of the metropolitan class;

(ii) Six separate sports venues if such facility is located in a city of the primary class; or

(iii) Four separate sports venues if such facility is located (A) in a city of the first class, city of the second class, or village, (B) within a county but outside the corporate limits of any city or village, (C) in an economic redevelopment area, or (D) in an opportunity zone designated pursuant to the federal Tax Cuts and Jobs Act, Public Law 115-97;

~~(20)~~ ~~(19)~~ Sports venue includes, but is not limited to:

(a) A baseball field;

(b) A softball field;

(c) A multipurpose field;

(d) An outdoor stadium primarily used for competitive sports;

(e) An outdoor arena primarily used for competitive sports; or

(f) An enclosed, temperature-controlled building primarily used for competitive sports. If any such building contains more than one multipurpose field, court, swimming pool, or other facility primarily used for competitive sports, then each such multipurpose field, court, swimming pool, or facility shall count as a separate sports venue; and

~~(21)~~ ~~(20)~~ Unbuildable property means any real property that is located in a floodway, an environmentally protected area, a right-of-way, or a brownfield site as defined in 42 U.S.C. 9601 that the political subdivision determines is not suitable for the construction or location of residential, commercial, or other buildings or facilities.

Sec. 26. Section 13-3103, Reissue Revised Statutes of Nebraska, is amended to read:

13-3103 (1) Any applicant may apply to the board for state assistance if that has (a) the applicant has acquired, constructed, improved, or equipped an eligible sports arena facility, (b) the applicant has approved a revenue bond issue or a general obligation bond issue to acquire, construct, improve, or equip an eligible sports arena facility, or (c) the applicant has adopted a resolution authorizing the applicant to pursue a general obligation bond issue to acquire, construct, improve, or equip an eligible sports arena facility, or (d) a building permit has been issued within the applicant's jurisdiction for an eligible sports arena facility that is a privately owned concert venue may apply to the board for state assistance.

(2) The state assistance shall only be used by the applicant to pay back amounts expended or borrowed through one or more issues of bonds to be expended

by the applicant to acquire, construct, improve, or equip the eligible sports arena facility and to acquire, construct, improve, or equip nearby parking facilities.

(3) For an eligible sports arena facility that is a privately owned concert venue, the state assistance shall only be used by the applicant (a) to pay back amounts expended or borrowed through one or more issues of bonds to be expended by the applicant to acquire, construct, improve, or equip a nearby parking facility or (b) to promote arts and cultural events which are open to or made available to the general public.

(4) (3) For applications for state assistance approved on or after October 1, 2016, (a) no more than fifty percent of the final cost of the project shall be funded by state assistance received pursuant to section 13-3108 and (b) no more than ten years of funding for promotion of the arts and cultural events shall be paid by state assistance received pursuant to section 13-3108.

Sec. 27. Section 13-3104, Reissue Revised Statutes of Nebraska, is amended to read:

13-3104 (1) All applications for state assistance under the Sports Arena Facility Financing Assistance Act shall be in writing and shall include a certified copy of the approving action of the governing body of the applicant describing the proposed project for which state assistance is requested and the anticipated financing.

(2) Except as provided in subsection (3) of this section, the The application shall contain:

(a) A description of the proposed financing of the project, including the estimated principal and interest requirements for the bonds proposed to be issued in connection with the project or the amounts necessary to repay the original investment by the applicant in the project;

(b) Documentation of local financial commitment to support the project, including all public and private resources pledged or committed to the project and including a copy of any operating agreement or lease with substantial users of the eligible sports arena facility;

(c) For applications submitted on or after October 1, 2016, a map identifying the program area, including any unbuildable property within the program area or taken into account in adjusting the program area as described in subdivision (16)(a)(ii) ~~(15)(a)(ii)~~ of section 13-3102; and

(d) Any other project information deemed appropriate by the board.

(3) If the state assistance will be used to provide funding for promotion of the arts and cultural events, the application shall contain:

(a) A detailed description of the programs contemplated and how such programs will be in furtherance of the applicant's public use or public purpose if such funds are to be expended through one or more private organizations; and

(b) Any other program information deemed appropriate by the board.

(4) (3) Upon receiving an application for state assistance, the board shall review the application and notify the applicant of any additional information needed for a proper evaluation of the application.

(5) (4) Any state assistance received pursuant to the act shall be used only for public purposes.

Sec. 28. Section 13-3108, Reissue Revised Statutes of Nebraska, is amended to read:

13-3108 (1) The Sports Arena Facility Support Fund is created. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(2)(a) Upon receiving the certification described in subsection (3) of section 13-3107, the State Treasurer shall transfer the amount certified to the fund.

(b) Upon receiving the quarterly certification described in subsection (4) of section 13-3107, the State Treasurer shall transfer the amount certified to the fund.

(3)(a) It is the intent of the Legislature to appropriate from the fund money to be distributed as provided in subsections (4) and (5) of this section to any political subdivision for which an application for state assistance under the Sports Arena Facility Financing Assistance Act has been approved an amount not to exceed seventy percent of the (i) state sales tax revenue collected by retailers doing business at eligible sports arena facilities on sales at such facilities, (ii) state sales tax revenue collected on primary and secondary box office sales of admissions to such facilities, and (iii) new state sales tax revenue collected by nearby retailers and sourced under sections 77-2703.01 to 77-2703.04 to the program area.

(b) The amount to be appropriated for distribution as state assistance to a political subdivision under this subsection for any one year after the tenth year shall not exceed the highest such amount appropriated under subdivision (3)(a) of this section during any one year of the first ten years of such appropriation. If seventy percent of the state sales tax revenue as described in subdivision (3)(a) of this section exceeds the amount to be appropriated under this subdivision, such excess funds shall be transferred to the General Fund.

(4) The amount certified under subsection (3) of section 13-3107 shall be distributed as state assistance on or before April 15, 2014.

(5) Beginning in 2014, quarterly distributions and associated transfers of state assistance shall be made. Such quarterly distributions and transfers shall be based on the certifications provided under subsection (4) of section 13-3107 and shall occur within fifteen days after receipt of such

certification.

(6) The total amount of state assistance approved for an eligible sports arena facility shall not exceed one hundred million dollars.

(7)(a) ~~(7)~~ State assistance to the political subdivision shall no longer be available upon the retirement of the bonds issued to acquire, construct, improve, or equip the facility or any subsequent bonds that refunded the original issue or when state assistance reaches the amount determined under subsection (6) of this section, whichever comes first.

(b) If the state assistance will be used to provide funding for promotion of the arts and cultural events, such state assistance to the political subdivision shall no longer be available after ten years of funding or when state assistance reaches the amount determined under subsection (6) of this section, whichever comes first.

(8) State assistance shall not be used for an operating subsidy.

(9) The thirty percent of state sales tax revenue remaining after the appropriation and transfer in subsection (3) of this section shall be appropriated by the Legislature and transferred quarterly as follows:

(a) If the revenue relates to an eligible sports arena facility that is a sports complex and that is approved for state assistance under section 13-3106 on or after May 26, 2021, eighty-three percent of such revenue shall be transferred to the Support the Arts Cash Fund and seventeen percent of such revenue shall be transferred to the Convention Center Support Fund; and

(b) If the revenue relates to any other eligible sports arena facility, such revenue shall be transferred to the Civic and Community Center Financing Fund.

(10) Except as provided in subsection (11) of this section for a city of the primary class, any municipality that has applied for and received a grant of assistance under the Civic and Community Center Financing Act shall not receive state assistance under the Sports Arena Facility Financing Assistance Act for the same project for which the grant was awarded under the Civic and Community Center Financing Act.

(11) A city of the primary class shall not be eligible to receive a grant of assistance from the Civic and Community Center Financing Act if the city has applied for and received a grant of assistance under the Sports Arena Facility Financing Assistance Act.

Sec. 29. The Legislature finds that safe and modern highway infrastructure is of great importance to Nebraska's residents, agricultural economy, business economy, and future economic growth. Furthermore, the Legislature finds that it is in the interest of Nebraska taxpayers to leverage interest rates to offset the challenges that construction inflation and uncertain federal highway funding pose to adequately financing the state's infrastructure needs. It is the intent of the Legislature to conservatively utilize bond financing by issuing bonds, not to exceed four hundred fifty million dollars in principal and thirty-five million dollars in annual debt service for a period of not more than nineteen years, in order to accelerate completion of the highway construction projects identified and to be identified for funding under the Build Nebraska Act.

Sec. 30. Upon the written recommendation of the Department of Transportation, the commission, acting for and on behalf of the state, may issue from time to time bonds under the Nebraska Highway Bond Act by resolution as described in section 39-2209 in such principal amounts as determined by the commission for the purpose of accelerating completion of the highway construction projects identified and to be identified for funding under the Build Nebraska Act. The principal amounts, interest rates, maturities, redemption provisions, sale prices, and other terms of the bonds so authorized to be issued shall be in accordance with terms or conditions established by the commission. No bonds shall be issued after June 30, 2029, except for refunding bonds issued in accordance with the Nebraska Highway Bond Act. The proceeds from the sale of any bonds issued, net of costs of issuance, capitalized interest, and necessary or appropriate reserve funds, shall be deposited in the State Highway Capital Improvement Fund for use pursuant to the Build Nebraska Act. The commission is hereby granted all powers necessary or convenient to carry out the purposes and exercise the powers granted by the Nebraska Highway Bond Act. Bonds shall be paid off by June 30, 2042.

Sec. 31. The bonds issued pursuant to section 30 of this act shall be special obligations of the state payable solely and only from the State Highway Capital Improvement Fund and any other funds specifically pledged by the commission for such purpose, and neither the members of the commission nor any person executing the bonds shall be liable thereon. Such bonds shall not be a general obligation or debt of the state, and they shall contain on the face thereof a statement to such effect. Such bonds, and the transfer of and the income from any such bonds, shall be exempt from all taxation and assessments in this state. In the resolution authorizing the bonds, the commission may waive the exemption from federal income taxation for interest on the bonds.

Sec. 32. Section 39-2205, Reissue Revised Statutes of Nebraska, is amended to read:

39-2205 Bonds may be issued under the Nebraska Highway Bond Act only to the extent that the annual aggregate principal and interest requirements, in the calendar year in which such bonds are issued and in each calendar year thereafter until the scheduled maturity of such bonds, on such bonds and on all other bonds theretofore issued and to be outstanding and unpaid upon the issuance of such bonds shall not exceed the amount which is equal to fifty percent of the money deposited in the fund, the State Highway Capital

Improvement Fund, or the bond fund, as the case may be, from which such bonds shall be paid during the calendar year preceding the issuance of the bonds proposed to be issued. This section shall not apply to the first issuance of each series of bonds authorized by the Legislature.

If short-term bonds are issued in anticipation of the issuance of long-term refunding bonds and such short-term bonds are secured by insurance or a letter of credit or similar guarantee issued by a financial institution rated by a national rating agency in one of the two highest categories of bond ratings, then, for the purposes of the Nebraska Highway Bond Act, when determining the amount of short-term bonds that may be issued and the amount of taxes, fees, or other money to be deposited in any fund for the payment of bonds issued under the act, the annual aggregate principal and interest payments on the short-term bonds shall be deemed to be such payments thereon, except that the final principal payment shall not be that specified in the short-term bonds but shall be the principal and all interest payments required to reimburse the issuer of the insurance policy or letter of credit or similar guarantee pursuant to the reimbursement agreement between the commission and such issuer.

Sec. 33. Section 39-2209, Reissue Revised Statutes of Nebraska, is amended to read:

39-2209 Any resolution or resolutions of the commission authorizing any bonds or any issue thereof may contain provisions, consistent with the Nebraska Highway Bond Act and not in derogation or limitation of such act, which shall be a part of the contract with the holders thereof, as to:

(1) Pledging all or any part of the money in the fund, the State Highway Capital Improvement Fund, or the ~~or~~ bond fund, as the case may be, to secure the payment of the bonds, subject to such agreements with the bondholders as may then prevail;

(2) The use and disposition of money in the fund, the State Highway Capital Improvement Fund, or the ~~or~~ bond fund;

(3) The setting aside of reserves, sinking funds, or arbitrage rebate funds and the funding, regulation, and disposition thereof;

(4) Limitations on the purpose to which the proceeds from the sale of bonds may be applied;

(5) Limitations on the issuance of additional bonds and on the retirement of outstanding or other bonds pursuant to the Nebraska Highway Bond Act;

(6) The procedure by which the terms of any agreement with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given;

(7) Vesting in a bank or trust company as paying agent such rights, powers, and duties as the commission may determine, vesting in a trustee appointed by the bondholders pursuant to the Nebraska Highway Bond Act such rights, powers, and duties as the commission may determine, and limiting or abrogating the right of the bondholders to appoint a trustee under such act or limiting the rights, powers, and duties of such trustee;

(8) Providing for a municipal bond insurance policy, surety bond, letter of credit, or other credit support facility or liquidity facility; and

(9) Any other matters, of like or different character, which in any way affect the security or protection of the bonds.

Sec. 34. Section 39-2211, Reissue Revised Statutes of Nebraska, is amended to read:

39-2211 In addition to the powers conferred upon the commission to secure the bonds in the Nebraska Highway Bond Act, the commission shall have power in connection with the issuance of bonds to enter into such agreements, consistent with the act and not in derogation or limitation of the act, as it may deem necessary, convenient, or desirable concerning the use or disposition of the money in the fund, the State Highway Capital Improvement Fund, or the ~~or~~ bond fund including the pledging or creation of any security interest in such money and the doing of or refraining from doing any act which the commission would have the right to do to secure the bonds in the absence of such agreements. The commission shall have the power to enter into amendments of any such agreements, consistent with the Nebraska Highway Bond Act and not in derogation or limitation of the act, within the powers granted to the commission by the act and to perform such agreements. The provisions of any such agreements may be made a part of the contract with the holders of the bonds.

Sec. 35. Section 39-2212, Reissue Revised Statutes of Nebraska, is amended to read:

39-2212 Any pledge or security instrument made by the commission shall be valid and binding from the time when the pledge or security instrument is made. The money in the fund, the State Highway Capital Improvement Fund, or the ~~or~~ bond fund so pledged and entrusted shall immediately be subject to the lien of such pledge or security instrument upon the deposit thereof in the fund without any physical delivery thereof or further act. The lien of any such pledge or security instrument shall be valid and binding as against all parties having subsequently arising claims of any kind in tort, contract, or otherwise, irrespective of whether such parties have notice thereof. Neither the resolution nor any security instrument or other instrument by which a pledge or other security is created need be recorded or filed and the commission shall not be required to comply with any of the provisions of the Uniform Commercial Code.

Sec. 36. Section 39-2213, Reissue Revised Statutes of Nebraska, is amended to read:

39-2213 The bonds shall be special obligations of the state payable solely

and only from the fund, the State Highway Capital Improvement Fund, or the ~~or~~ bond fund, as the case may be, and neither the members of the commission nor any person executing the bonds shall be liable thereon. Such bonds shall not be a general obligation debt of this state and they shall contain on the face thereof a statement to such effect.

Sec. 37. Section 39-2215, Revised Statutes Cumulative Supplement, 2022, is amended to read:

39-2215 (1) There is hereby created in the state treasury a special fund to be known as the Highway Trust Fund.

(2) Except as provided in subsection (4) of this section, all ~~All~~ funds credited to the Highway Trust Fund pursuant to sections 66-489.02, 66-499, 66-4,140, 66-4,147, 66-6,108, and 66-6,109.02, and related penalties and interest, shall be allocated as provided in such sections.

(3) All sums of money credited to the Highway Trust Fund pursuant to subdivision (2)(c) of section 77-27,132 shall only be allocated to the Highway Cash Fund and shall not be used for the purposes described in subsection (4) of this section.

(4) The State Treasurer shall monthly credit, from those portions of the Highway Trust Fund otherwise allocated to the Highway Cash Fund, to the State Highway Capital Improvement Fund an amount equal to the sums of money credited to the Highway Trust Fund by subdivision (2)(c) of section 77-27,132, but in no event less than seventy million dollars annually. Such credit shall occur prior to allocating funds from the Highway Trust Fund to the Highway Cash Fund. Such credited funds shall only be derived from revenue closely related to the use of highways, including, but not limited to, motor vehicle fuel taxes, diesel fuel taxes, compressed fuel taxes, and alternative fuel fees related to highway use retained by the state, all motor vehicle registration fees retained by the state other than those fees credited to the State Recreation Road Fund, and other highway-user taxes, fees, and penalties imposed by state law. The remainder of such funds shall thereafter be credited to the Highway Cash Fund.

(5) ~~(3)~~ All other motor vehicle fuel taxes, diesel fuel taxes, compressed fuel taxes, and alternative fuel fees related to highway use retained by the state, all motor vehicle registration fees retained by the state other than those fees credited to the State Recreation Road Fund pursuant to subdivision (3) of section 60-3,156, and other highway-user taxes imposed by state law and allocated to the Highway Trust Fund, except for the proceeds of the sales and use taxes derived from motor vehicles, trailers, and semitrailers credited to the fund pursuant to section 77-27,132, are hereby irrevocably pledged for the terms of the bonds issued prior to January 1, 1988, to the payment of the principal, interest, and redemption premium, if any, of such bonds as they mature and become due at maturity or prior redemption and for any reserves therefor and shall, as received by the State Treasurer, be deposited in the fund for such purpose.

(6) ~~(4)~~ Of the money in the fund specified in subsection (5) ~~(3)~~ of this section which is not required for the use specified in such subsection, (a) an amount to be determined annually by the Legislature through the appropriations process may be transferred to the Motor Fuel Tax Enforcement and Collection Cash Fund for use as provided in section 66-739 on a monthly or other less frequent basis as determined by the appropriation language, (b) an amount to be determined annually by the Legislature through the appropriations process shall be transferred to the License Plate Cash Fund as certified by the Director of Motor Vehicles, and (c) the remaining money may be used for the purchase for retirement of the bonds issued prior to January 1, 1988, in the open market.

(7) ~~(5)~~ The State Treasurer shall monthly transfer, from the proceeds of the sales and use taxes credited to the Highway Trust Fund and any money remaining in the fund after the requirements of subsections (2) through (6) ~~(4)~~ of this section are satisfied, thirty thousand dollars to the Grade Crossing Protection Fund.

(8) ~~(6)~~ Except as provided in subsection (9) ~~(7)~~ of this section, the balance of the Highway Trust Fund shall be allocated fifty-three and one-third percent, less the amount provided for in section 39-847.01, to the Department of Transportation, twenty-three and one-third percent, less the amount provided for in section 39-847.01, to the various counties for road purposes, and twenty-three and one-third percent to the various municipalities for street purposes. If bonds are issued pursuant to subsection (2) of section 39-2223, the portion allocated to the department shall be credited monthly to the Highway Restoration and Improvement Bond Fund, and if no bonds are issued pursuant to such subsection, the portion allocated to the department shall be credited monthly to the Highway Cash Fund. The portions allocated to the counties and municipalities shall be credited monthly to the Highway Allocation Fund and distributed monthly as provided by law. Vehicles accorded prorated registration pursuant to section 60-3,198 shall not be included in any formula involving motor vehicle registrations used to determine the allocation and distribution of state funds for highway purposes to political subdivisions.

(9) ~~(7)~~ If it is determined by December 20 of any year that a county will receive from its allocation of state-collected highway revenue and from any funds relinquished to it by municipalities within its boundaries an amount in such year which is less than such county received in state-collected highway revenue in calendar year 1969, based upon the 1976 tax rates for highway-user fuels and registration fees, the department shall notify the State Treasurer that an amount equal to the sum necessary to provide such county with funds equal to such county's 1969 highway allocation for such year shall be transferred to such county from the Highway Trust Fund. Such makeup funds shall

be matched by the county as provided in sections 39-2501 to 39-2510. The balance remaining in the fund after such transfer shall then be reallocated as provided in subsection ~~(8)~~ (6) of this section.

~~(10)~~ (8) The State Treasurer shall disburse the money in the Highway Trust Fund as directed by resolution of the commission. All disbursements from the fund shall be made by electronic funds transfer by the Director of Administrative Services. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act and the earnings, if any, credited to the fund.

Sec. 38. (1) If bonds are issued pursuant to subsection (3) of section 39-2223, seventy million dollars of the funds annually retained by the state and allocated to the State Highway Capital Improvement Fund pursuant to subsection (4) of section 39-2215 shall be hereby irrevocably pledged for the terms of the bonds to the payment of the principal, interest, and redemption premium, if any, of such bonds as they mature and become due at maturity or prior redemption and for any reserves therefor and shall, as received by the State Treasurer, be deposited directly in the State Highway Capital Improvement Fund for such purpose. Of the money in the State Highway Capital Improvement Fund not required for such purpose, such remaining money may be used as prescribed in section 39-2704.

(2) The State Treasurer shall disburse the money in the State Highway Capital Improvement Fund as directed by resolution of the commission. All disbursements from the State Highway Capital Improvement Fund shall be made upon warrants drawn by the Director of Administrative Services. Any money in the State Highway Capital Improvement Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 39. Section 39-2216, Reissue Revised Statutes of Nebraska, is amended to read:

39-2216 The Legislature hereby irrevocably pledges and agrees with the holders of the bonds issued under the Nebraska Highway Bond Act that so long as such bonds remain outstanding and unpaid it shall not repeal, diminish, or apply to any other purposes the motor vehicle fuel taxes, diesel fuel taxes, compressed fuel taxes, and alternative fuel fees related to highway use, motor vehicle registration fees, and such other highway-user taxes which may be imposed by state law and allocated to the fund, the State Highway Capital Improvement Fund, or the ~~or~~ bond fund, as the case may be, if to do so would result in fifty percent of the amount deposited in the fund, the State Highway Capital Improvement Fund, or the ~~or~~ bond fund in each year being less than the amount equal to the maximum annual principal and interest requirements of such bonds.

Sec. 40. Section 39-2222, Reissue Revised Statutes of Nebraska, is amended to read:

39-2222 Sections 39-2201 to 39-2226 and sections 29 to 31 and 38 of this act shall be known and may be cited as the Nebraska Highway Bond Act.

Sec. 41. Section 39-2223, Reissue Revised Statutes of Nebraska, is amended to read:

39-2223 (1) Under the authority granted by Article XIII, section 1, of the Constitution of Nebraska, the Legislature hereby authorizes the issuance of bonds in the principal amount of twenty million dollars in 1969 and in the principal amount of twenty million dollars on or before June 30, 1977, with the proceeds thereof to be used for the construction of highways in this state, the Legislature expressly finding that the need for such construction requires such action. Such bonds shall in all respects comply with the provisions of Article XIII, section 1, of the Constitution of Nebraska.

(2) Under the authority granted by Article XIII, section 1, of the Constitution of Nebraska, the Legislature hereby authorizes after July 1, 1988, the issuance of bonds in a principal amount to be determined by the commission, not to exceed fifty million dollars. The outstanding principal amount of such bonds may exceed such limit if and to the extent that the commission determines that the issuance of advance refunding bonds under section 39-2226 in a principal amount greater than the bonds to be refunded would reduce the aggregate bond principal and interest requirements payable from the bond fund. The proceeds of such issues shall be used exclusively (a) for the construction, resurfacing, reconstruction, rehabilitation, and restoration of highways in this state, the Legislature expressly finding that the need for such construction and reconstruction work and the vital importance of the highway system to the welfare and safety of all Nebraskans requires such action, or (b) to eliminate or alleviate cash-flow problems resulting from the receipt of federal funds. Such bonds shall in all respects comply with the provisions of Article XIII, section 1, of the Constitution of Nebraska.

(3) Under the authority granted by Article XIII, section 1, of the Constitution of Nebraska, the Legislature hereby authorizes after July 1, 2023, in addition to the authority granted in subsections (1) and (2) of this section, the issuance of bonds in one or more series in an aggregate principal amount to be determined by the commission, not to exceed four hundred fifty million dollars. The outstanding principal amount of such bonds may exceed such limit if and to the extent that the commission determines that the issuance of advance refunding bonds under section 39-2226 in a principal amount greater than the bonds to be refunded would reduce the aggregate bond principal and interest requirements payable from the State Highway Capital Improvement Fund. The proceeds of such issues shall be used exclusively for purposes of the Build

Nebraska Act, the Legislature expressly finding that the need for such construction and reconstruction work and the vital importance of the highway system to the welfare and safety of all Nebraskans requires such action. Such bonds shall in all respects comply with the provisions of Article XIII, section 1, of the Constitution of Nebraska.

Sec. 42. Section 39-2224, Revised Statutes Cumulative Supplement, 2022, is amended to read:

39-2224 (1) The proceeds of the sale of bonds authorized by subsection (1) of section 39-2223 are hereby appropriated to the Highway Cash Fund of the Department of Transportation, for the biennium ending June 30, 1977, for expenditure for the construction of highways.

(2) The proceeds of the sale of bonds authorized by subsection (2) of section 39-2223 are hereby appropriated to the Highway Cash Fund of the Department of Transportation for expenditure for highway construction, resurfacing, reconstruction, rehabilitation, and restoration and for the elimination or alleviation of cash-flow problems resulting from the receipt of federal funds.

(3) The proceeds of the sale of bonds authorized by subsection (3) of section 39-2223 are hereby appropriated to the State Highway Capital Improvement Fund of the Department of Transportation for use pursuant to the Build Nebraska Act.

Sec. 43. Section 39-2703, Reissue Revised Statutes of Nebraska, is amended to read:

39-2703 (1) The State Highway Capital Improvement Fund is created. The fund shall consist of money credited to the fund pursuant to subsection (4) of section 39-2215, proceeds of bonds issued pursuant to subsection (3) of section 39-2223, section 77-27,132 and any other money as determined by the Legislature.

(2) The department may create or direct the creation of accounts within the fund as the department determines to be appropriate and useful in administering the fund.

(3) Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act. Investment earnings from investment of money in the fund shall be credited to the fund.

Sec. 44. Section 39-2704, Reissue Revised Statutes of Nebraska, is amended to read:

39-2704 (1) The money credited to the fund pursuant to subsection (4) of section 39-2215 shall be used for repayment of bonds issued pursuant to subsection (3) of section 39-2223. If any of the money credited to the fund pursuant to subsection (4) of section 39-2215 exceeds the amount of the annual principal and interest requirements for such bonds which are issued, such money shall be used as follows:

(a) ~~(1)~~ At least twenty-five percent of the money credited to the fund pursuant to section 77-27,132 each fiscal year shall be used, as determined by the department, for construction of the expressway system and federally designated high priority corridors; and

(b) ~~(2)~~ The remaining money credited to the fund pursuant to section 77-27,132 each fiscal year shall be used to pay for surface transportation projects of the highest priority as determined by the department.

(2) The proceeds of bonds issued pursuant to subsection (3) of section 39-2223 which are credited to the fund shall be used as follows:

(a) At least seventy-five percent of the proceeds from such bonds shall be used, as determined by the department, for construction of the expressway system and federally designated high priority corridors; and

(b) The remaining proceeds shall be used to pay for surface transportation projects of the highest priority as determined by the department.

Sec. 45. Section 66-4,100, Reissue Revised Statutes of Nebraska, is amended to read:

66-4,100 The Highway Cash Fund and the Roads Operations Cash Fund are hereby created. If bonds are issued pursuant to subsection (2) of section 39-2223, the balance of the share of the Highway Trust Fund allocated to the Department of Transportation and deposited into the Highway Restoration and Improvement Bond Fund as provided in subsection (8) ~~(6)~~ of section 39-2215 and the balance of the money deposited in the Highway Restoration and Improvement Bond Fund as provided in section 39-2215.01 shall be transferred by the State Treasurer, on or before the last day of each month, to the Highway Cash Fund. If no bonds are issued pursuant to subsection (2) of section 39-2223, the share of the Highway Trust Fund allocated to the Department of Transportation shall be transferred by the State Treasurer on or before the last day of each month to the Highway Cash Fund.

The Legislature may direct the State Treasurer to transfer funds from the Highway Cash Fund to the Roads Operations Cash Fund. Both funds shall be expended by the department (1) for acquiring real estate, road materials, equipment, and supplies to be used in the construction, reconstruction, improvement, and maintenance of state highways, (2) for the construction, reconstruction, improvement, and maintenance of state highways, including grading, drainage, structures, surfacing, roadside development, landscaping, and other incidentals necessary for proper completion and protection of state highways as the department shall, after investigation, find and determine shall be for the best interests of the highway system of the state, either independent of or in conjunction with federal-aid money for highway purposes, (3) for the share of the department of the cost of maintenance of state aid

bridges, (4) for planning studies in conjunction with federal highway funds for the purpose of analyzing traffic problems and financial conditions and problems relating to state, county, township, municipal, federal, and all other roads in the state and for incidental costs in connection with the federal-aid grade crossing program for roads not on state highways, (5) for tests and research by the department or proportionate costs of membership, tests, and research of highway organizations when participated in by the highway departments of other states, (6) for the payment of expenses and costs of the Board of Examiners for County Highway and City Street Superintendents as set forth in section 39-2310, (7) for support of the public transportation assistance program established under section 13-1209 and the intercity bus system assistance program established under section 13-1213, and (8) for purchasing from political or governmental subdivisions or public corporations, pursuant to section 39-1307, any federal-aid transportation funds available to such entities.

Any money in the Highway Cash Fund and the Roads Operations Cash Fund not needed for current operations of the department shall, as directed by the Director-State Engineer to the State Treasurer, be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act, subject to approval by the board of each investment. All income received as a result of such investment shall be placed in the Highway Cash Fund.

Transfers may be made from the Roads Operations Cash Fund to the General Fund at the direction of the Legislature through June 30, 2019. The State Treasurer shall transfer seven million five hundred thousand dollars from the Roads Operations Cash Fund to the General Fund on or before June 30, 2018, on such date as directed by the budget administrator of the budget division of the Department of Administrative Services. The State Treasurer shall transfer seven million five hundred thousand dollars from the Roads Operations Cash Fund to the General Fund on or after July 1, 2018, but on or before June 30, 2019, on such date as directed by the budget administrator of the budget division of the Department of Administrative Services.

Sec. 46. Section 77-1344, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-1344 (1) Agricultural or horticultural land which has an actual value as defined in section 77-112 reflecting purposes or uses other than agricultural or horticultural purposes or uses shall be assessed as provided in subsection (3) of section 77-201 if the land meets the qualifications of this subsection and an application for such special valuation is filed and approved pursuant to section 77-1345. In order for the land to qualify for special valuation, ~~all of the following criteria shall be met: (a) The land must be located outside the corporate boundaries of any sanitary and improvement district, city, or village except as provided in subsection (2) of this section; and (b) the land must be agricultural or horticultural land and must consist of five acres or more. If the land consists of five contiguous acres or less, the owner or lessee of the land must also provide an Internal Revenue Service Schedule F documenting a profit or loss from farming for two out of the last three years in order for such land to qualify for special valuation.~~

~~(2) Special valuation may be applicable to agricultural or horticultural land included within the corporate boundaries of a city or village if:~~

~~(a) The land is subject to a conservation or preservation easement as provided in the Conservation and Preservation Easements Act and the governing body of the city or village approves the agreement creating the easement;~~

~~(b) The land is subject to air installation compatible use zone regulations; or~~

~~(c) The land is within a flood plain.~~

~~(2) (3) The eligibility of land for the special valuation provisions of this section shall be determined each year as of January 1. If the land so qualified becomes disqualified on or before December 31 of that year, it shall continue to receive the special valuation until January 1 of the year following.~~

~~(3) (4) The special valuation placed on such land by the county assessor under this section shall be subject to equalization by the county board of equalization and the Tax Equalization and Review Commission.~~

Sec. 47. Section 77-1347, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-1347 Upon approval of an application, the county assessor shall value the land as provided in section 77-1344 until the land becomes disqualified for such valuation by:

(1) Written notification by the applicant or his or her successor in interest to the county assessor to remove such special valuation;

(2) Inclusion ~~Except as provided in subsection (2) of section 77-1344, inclusion~~ of the land within the corporate boundaries of any sanitary and improvement district, city, or village, except that this subdivision shall not apply on or after January 1, 2023; or

(3) The land no longer qualifying as agricultural or horticultural land. ;
or

~~(4) For land that consists of five contiguous acres or less, the owner or lessee of the land not being able to provide an Internal Revenue Service Schedule F documenting a profit or loss from farming for two out of the last three years.~~

Sec. 48. Section 77-1403, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-1403 (1) Unless otherwise permitted under section 529A, the owner of an

account shall be the designated beneficiary of the account, except that if the designated beneficiary of the account is a minor or has a custodian or other fiduciary appointed for the purposes of managing such beneficiary's financial affairs, a custodian or fiduciary for such designated beneficiary may serve as the account owner if such form of ownership is permitted or not prohibited under section 529A.

(2) Unless otherwise permitted under section 529A, the designated beneficiary of an account shall be a resident of the state or of a contracting state. The State Treasurer shall determine residency of Nebraska residents for such purpose in such manner as may be required or permissible under section 529A or, in the absence of any guidance under section 529A, by such other means as the State Treasurer shall consider advisable for purposes of satisfying the requirements of section 529A.

(3) To the extent permitted by federal law, upon the death of a designated beneficiary of an account, the owner of the account or the personal representative of the designated beneficiary may have the balance of the account transferred to another account under the program specified by the owner of the account, the designated beneficiary, or the estate of the designated beneficiary. If the balance of the account on the date of death is less than or equal to five thousand dollars, the owner of the account or the personal representative of the designated beneficiary may also have the balance of the account distributed to an individual or individuals specified by the designated beneficiary, the owner of the account, or the personal representative of the designated beneficiary.

(4) At the time an account is established under the program and prior to any transfer or distribution pursuant to subsection (3) of this section, the State Treasurer shall notify the owner of the account, the designated beneficiary, and the estate of the designated beneficiary, if applicable, of the potential tax consequences of transferring or distributing funds pursuant to subsection (3) of this section.

(5) Upon the death of a designated beneficiary and after the Department of Health and Human Services has received approval from the Centers for Medicare and Medicaid Services of the United States Department of Health and Human Services:

(a) The state shall not seek recovery of any amount remaining in the account of the designated beneficiary for any amount of medical assistance received by the designated beneficiary or his or her spouse or dependent under the medical assistance program pursuant to the Medical Assistance Act after the establishment of the account; and

(b) The state shall not file a claim for the payment under subdivision (f) of section 529A of the Internal Revenue Code, as amended.

Sec. 49. Section 77-1631, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-1631 For purposes of the Property Tax Request Act:

(1) Allowable growth percentage means a percentage equal to the sum of (a) two percent plus (b) the political subdivision's real growth percentage;

(2) Excess value means an amount equal to the assessed value of the real property included in a tax increment financing project minus the redevelopment project valuation for such real property;

(3) Property tax request means the total amount of property taxes requested to be raised for a political subdivision through the levy imposed pursuant to section 77-1601, excluding the amount to be levied for the payment of principal or interest on bonds issued or authorized to be issued by a school district;

(4) Real growth percentage means the percentage obtained by dividing (a) the political subdivision's real growth value by (b) the political subdivision's total real property valuation from the prior year;

(5) Real growth value means and includes:

(a) The increase in a political subdivision's real property valuation from the prior year to the current year due to (i) improvements to real property as a result of new construction and additions to existing buildings, (ii) any other improvements to real property which increase the value of such property, (iii) annexation of real property by the political subdivision, and (iv) a change in the use of real property; and

(b) The annual increase in the excess value for any tax increment financing project located in the political subdivision;

(6) Redevelopment project valuation has the same meaning as in section 18-2103; and

(7) Tax increment financing project means a redevelopment project as defined in section 18-2103 that is financed through the division of taxes as provided in section 18-2147.

Sec. 50. Section 77-1633, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-1633 (1) For purposes of this section, political subdivision means any county, city, school district, or community college.

(2) If any political subdivision seeks to increase its property tax request by more than the allowable growth percentage, such political subdivision may do so if:

(a) A public hearing is held and notice of such hearing is provided in compliance with subsection (3) of this section; and

(b) The governing body of such political subdivision passes a resolution or an ordinance that complies with subsection (4) of this section.

(3)(a) Each political subdivision within a county that seeks to increase

its property tax request by more than the allowable growth percentage shall participate in a joint public hearing. Each such political subdivision shall designate one representative to attend the joint public hearing on behalf of the political subdivision. If a political subdivision includes area in more than one county, the political subdivision shall be deemed to be within the county in which the political subdivision's principal headquarters are located. At such hearing, there shall be no items on the agenda other than discussion on each political subdivision's intent to increase its property tax request by more than the allowable growth percentage.

(b) At least one elected official from each participating political subdivision shall attend the joint public hearing. An elected official may be the designated representative from a participating political subdivision. The presence of a quorum or the participation of elected officials at the joint public hearing does not constitute a meeting as defined by section 84-1409 of the Open Meetings Act.

~~(c)~~ ~~(b)~~ The joint public hearing shall be held on or after September ~~14~~ 17 and prior to September ~~24~~ 29 and before any of the participating political subdivisions file their adopted budget statement pursuant to section 13-508.

~~(d)~~ ~~(e)~~ The joint public hearing shall be held after 6 p.m. local time on the relevant date.

~~(e)~~ ~~(d)~~ The joint public hearing shall be organized by the county clerk or his or her designee. At the joint public hearing, the designated representative of each political subdivision shall give a brief presentation on the political subdivision's intent to increase its property tax request by more than the allowable growth percentage and the effect of such request on the political subdivision's budget. The presentation shall include:

- (i) The name of the political subdivision;
- (ii) The amount of the property tax request; and
- (iii) The following statements:

(A) The total assessed value of property differs from last year's total assessed value by percent;

(B) The tax rate which would levy the same amount of property taxes as last year, when multiplied by the new total assessed value of property, would be \$..... per \$100 of assessed value;

(C) The (name of political subdivision) proposes to adopt a property tax request that will cause its tax rate to be \$..... per \$100 of assessed value;

(D) Based on the proposed property tax request and changes in other revenue, the total operating budget of (name of political subdivision) will exceed last year's by percent; and

(E) To obtain more information regarding the increase in the property tax request, citizens may contact the (name of political subdivision) at (telephone number and email address of political subdivision).

~~(f)~~ ~~(e)~~ Any member of the public shall be allowed to speak at the joint public hearing and shall be given a reasonable amount of time to do so.

~~(g)~~ ~~(f)~~ Notice of the joint public hearing shall be provided:

(i) By sending a postcard to all affected property taxpayers. The postcard shall be sent to the name and address to which the property tax statement is mailed;

(ii) By posting notice of the hearing on the home page of the relevant county's website, except that this requirement shall only apply if the county has a population of more than ~~ten~~ ~~twenty-five~~ thousand inhabitants; and

(iii) By publishing notice of the hearing in a legal newspaper in or of general circulation in the relevant county.

~~(h)~~ ~~(g)~~ Each political subdivision that participates in the joint public hearing shall electronically send the information prescribed in subdivision ~~(3)~~ ~~(i)~~ ~~(3)(h)~~ of this section to the county assessor clerk by September ~~4~~ 5. The county clerk shall notify ~~transmit the information to~~ the county assessor of the date, time, and location of the joint public hearing no later than September 4 ~~10~~. The county clerk shall notify each participating political subdivision of the date, time, and location of the joint public hearing. The county assessor shall send the information required to be included on the postcards pursuant to subdivision ~~(3)(i)~~ ~~(3)(h)~~ of this section to a printing service designated by the county board. The initial cost for printing the postcards shall be paid from the county general fund. Such postcards shall be mailed at least seven calendar days before the joint public hearing. The cost of creating and mailing the postcards, including staff time, materials, and postage, shall be charged proportionately to the political subdivisions participating in the joint public hearing based on the total number of parcels in each participating political subdivision. Each participating political subdivision shall also maintain a prominently displayed and easily accessible link on the home page of the political subdivision's website to the political subdivision's proposed budget, except that this requirement shall not apply if the political subdivision is a county with a population of less than ten thousand inhabitants, a city with a population of less than one thousand inhabitants, or, for joint public hearings prior to January 1, 2024, a school district.

~~(i)~~ ~~(h)~~ The postcard sent under this subsection and the notice posted on the county's website, if required under subdivision ~~(3)(g)(ii)~~ ~~(3)(f)(ii)~~ of this section, and published in the newspaper shall include the date, time, and location for the joint public hearing, a listing of and telephone number for each political subdivision that will be participating in the joint public hearing, and the amount of each participating political subdivision's property tax request. The postcard shall also contain the following information:

(i) The following words in capitalized type at the top of the postcard: NOTICE OF PROPOSED TAX INCREASE;

(ii) The name of the county that will hold the joint public hearing, which shall appear directly underneath the capitalized words described in subdivision ~~(3)(i)(i)~~ ~~(3)(h)(i)~~ of this section;

(iii) The following statement: The following political subdivisions are proposing a revenue increase which would result in an overall increase in property taxes in (insert current tax year). THE ACTUAL TAX ON YOUR PROPERTY MAY INCREASE OR DECREASE. This notice contains estimates of the tax on your property as a result of this revenue increase. These estimates are calculated on the basis of the proposed (insert current tax year) data. The actual tax on your property may vary from these estimates.

(iv) The parcel number for the property;

(v) The name of the property owner and the address of the property;

(vi) The property's assessed value in the previous tax year;

(vii) The amount of property taxes due in the previous tax year for each participating political subdivision;

(viii) The property's assessed value for the current tax year;

(ix) The amount of property taxes due for the current tax year for each participating political subdivision;

(x) The change in the amount of property taxes due for each participating political subdivision from the previous tax year to the current tax year; and

(xi) The following statement: To obtain more information regarding the tax increase, citizens may contact the political subdivision at the telephone number provided in this notice.

(4) After the joint public hearing required in subsection (3) of this section, the governing body of each participating political subdivision shall pass an ordinance or resolution to set such political subdivision's property tax request. If the political subdivision is increasing its property tax request over the amount from the prior year, including any increase in excess of the allowable growth percentage, then such ordinance or resolution shall include, but not be limited to, the following information:

(a) The name of the political subdivision;

(b) The amount of the property tax request;

(c) The following statements:

(i) The total assessed value of property differs from last year's total assessed value by percent;

(ii) The tax rate which would levy the same amount of property taxes as last year, when multiplied by the new total assessed value of property, would be \$..... per \$100 of assessed value;

(iii) The (name of political subdivision) proposes to adopt a property tax request that will cause its tax rate to be \$..... per \$100 of assessed value; and

(iv) Based on the proposed property tax request and changes in other revenue, the total operating budget of (name of political subdivision) will exceed last year's by percent; and

(d) The record vote of the governing body in passing such resolution or ordinance.

(5) Any resolution or ordinance setting a property tax request under this section shall be certified and forwarded to the county clerk on or before October 15 of the year for which the tax request is to apply.

(6) The county clerk, or his or her designee, shall prepare a report which shall include:

(a) ~~The~~ the names of the designated representatives of the political subdivisions participating in the joint public hearing; ~~and~~

(b) ~~The~~ the name and address of each individual who spoke at the joint public hearing, unless the address requirement is waived to protect the security of the individual, and the name of any organization represented by each such individual; -

(c) The name of each political subdivision that participated in the joint public hearing;

(d) The real growth value and real growth percentage for each participating political subdivision;

(e) The amount each participating political subdivision seeks to increase its property tax request in excess of the allowable growth percentage; and

(f) The number of individuals who signed in to attend the joint public hearing.

Such report shall be delivered to the political subdivisions participating in the joint public hearing within ten days after such hearing.

Sec. 51. Section 77-1701, Reissue Revised Statutes of Nebraska, is amended to read:

77-1701 (1) The county treasurer shall be ex officio county collector of all taxes levied within the county. The county board shall designate a county official to mail or otherwise deliver a statement of the amount of taxes due and a notice that special assessments are due, to the last-known address of the person, firm, association, or corporation against whom such taxes or special assessments are assessed or to the lending institution or other party responsible for paying such taxes or special assessments. Such statement shall clearly indicate, for each political subdivision, the levy rate and the amount of taxes due as the result of principal or interest payments on bonds issued by the political subdivision and shall show such rate and amount separate from any other levy. ~~When Beginning with tax year 2000, when~~ taxes on real property are delinquent for a prior year, the county treasurer shall indicate this

information on the current year tax statement in bold letters. The information provided shall inform the taxpayer that delinquent taxes and interest are due for the prior year or years and shall indicate the specific year or years for which such taxes and interest remain unpaid. The language shall read "Back Taxes and Interest Due For", followed by numbers to indicate each year for which back taxes and interest are due and a statement indicating that failure to pay the back taxes and interest may result in the loss of the real property. Failure to receive such statement or notice shall not relieve the taxpayer from any liability to pay such taxes or special assessments and any interest or penalties accrued thereon. In any county in which a city of the metropolitan class is located, all statements of taxes shall also include notice that special assessments for cutting weeds, removing litter, and demolishing buildings are due.

(2) Notice that special assessments are due shall not be required for special assessments levied by sanitary and improvement districts organized under Chapter 31, article 7, except that such notice may be provided by the county at the discretion of the county board or by the sanitary and improvement district with the approval of the county board.

(3) A statement of the amount of taxes due and a notice that special assessments are due shall not be required to be mailed or otherwise delivered pursuant to subsection (1) of this section if the total amount of the taxes and special assessments due is less than two dollars. Failure to receive the statement or notice shall not relieve the taxpayer from any liability to pay the taxes or special assessments but shall relieve the taxpayer from any liability for interest or penalties. Taxes and special assessments of less than two dollars shall be added to the amount of taxes and special assessments due in subsequent years and shall not be considered delinquent until the total amount is two dollars or more.

Sec. 52. Section 77-1802, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-1802 The county treasurer shall, not less than four nor more than six weeks prior to the first Monday of March in each year, make out a list of all real property subject to sale and the amount of all delinquent taxes against each item with an accompanying notice stating that so much of such property described in the list as may be necessary for that purpose will, on the first Monday of March next thereafter, be sold by such county treasurer at public auction at his or her office for the taxes, interest, and costs thereon. In making such list, the county treasurer shall describe the property as it is described on the tax list and shall include the name of the owner of record of the property, the property's parcel number, if any, and the property's street address, if any.

Sec. 53. Section 77-1818, Reissue Revised Statutes of Nebraska, is amended to read:

77-1818 (1) The purchaser of any real property sold by the county treasurer for taxes shall be entitled to a certificate in writing, describing the real property so purchased, the sum paid, and the time when the purchaser will be entitled to a deed, which certificate shall be signed by the county treasurer in his or her official capacity and shall be presumptive evidence of the regularity of all prior proceedings. Each tax lien shall be shown on a single certificate. The purchaser acquires a perpetual lien of the tax on the real property, and if after the taxes become delinquent he or she subsequently pays any taxes levied on the property, whether levied for any year or years previous or subsequent to such sale, he or she shall have the same lien for them and may add them to the amount paid by him or her in the purchase.

(2) Upon issuance of the certificate, the purchaser shall notify, by personal service, the property owner of the real property that was sold for taxes at the address listed for such owner in the records of the county assessor. The notice shall (a) state that a certificate has been issued, (b) include a brief description of the property owner's legal rights to redeem the real property, (c) identify the real property by the street address listed in the records of the county assessor, (d) include the total amount of taxes, interest, and costs for which the property was sold and a recitation that interest and fees may accrue, and (e) include a prominent warning that failure to act may result in forfeiture of the property after three years. The purchaser shall prove such service of notice by affidavit, and such affidavit shall be filed with the application for the tax deed pursuant to section 77-1837. An administrative fee shall be allowed for any service of notice under this subsection. The administrative fee shall be equal to the greater of one hundred dollars or the actual cost incurred by the purchaser for such service of notice. The amount of such fee shall be noted by the county treasurer in the record opposite the real property described in the notice and shall be collected by the county treasurer in case of redemption for the benefit of the holder of the certificate. The purchaser shall notify the county treasurer of the amount of such fee within thirty days after completion of the service of notice.

Sec. 54. Section 77-1824, Reissue Revised Statutes of Nebraska, is amended to read:

77-1824 The owner or occupant of any real property sold for taxes or any person having a lien thereupon or interest therein may redeem the same. The right of redemption expires when the purchaser files an application for tax deed with the county treasurer. A redemption shall not be accepted by the county treasurer, or considered valid, unless received prior to the close of business on the day the application for the tax deed is received by the county

treasurer. Redemption shall be accomplished by paying the county treasurer for the use of such purchaser or his or her heirs or assigns the sum mentioned in his or her certificate, with interest thereon at the rate specified in section 45-104.01, as such rate may from time to time be adjusted by the Legislature, from the date of purchase to date of redemption, together with all other taxes subsequently paid, whether for any year or years previous or subsequent to the sale, and interest thereon at the same rate from date of such payment to date of redemption. The amount due for redemption shall include the issuance fee charged pursuant to section 77-1823 and the administrative fee charged pursuant to subsection (2) of section 77-1818.

Sec. 55. Section 77-1837, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-1837 (1) At any time within nine months after the expiration of three years after the date of sale of any real estate for taxes or special assessments, if such real estate has not been redeemed and the requirements of subsection (2) of this section have been met, the purchaser or his or her assignee may apply to the county treasurer for a tax deed for the real estate described in such purchaser's or assignee's tax sale certificate. The county treasurer shall execute and deliver a deed of conveyance for the real estate described in such tax sale certificate if he or she has received the following:

(a) The tax sale certificate;

(b) The issuance fee for the tax deed and the fee of the notary public or other officer acknowledging the tax deed, as required under section 77-1823;

(c) The affidavit proving personal service of the notice required in subsection (2) of section 77-1818;

(d) ~~(e)~~ For any notice provided pursuant to section 77-1832, the affidavit proving service of notice, the copy of the notice, and the copy of the title search required under section 77-1833; and

(e) ~~(d)~~ For any notice provided by publication pursuant to section 77-1834, the affidavit of the publisher, manager, or other employee of the newspaper, the copy of the notice, the affidavit of the purchaser or assignee, and the copy of the title search required under section 77-1835.

(2) The purchaser or his or her assignee may apply for a tax deed under this section if one hundred ten percent of the assessed value of the real estate described in the tax sale certificate, less the amount that would be needed to redeem such real estate, is twenty-five thousand dollars or less. If such requirement is not met, the purchaser or his or her assignee shall foreclose the lien represented by the tax sale certificate pursuant to section 77-1902.

(3) ~~(2)~~ The failure of the county treasurer to issue the deed of conveyance if requested within the timeframe provided in subsection (1) of this section shall not impair the validity of such deed if there has otherwise been compliance with sections 77-1801 to 77-1863.

Sec. 56. Section 77-1838, Reissue Revised Statutes of Nebraska, is amended to read:

77-1838 (1) The deed made by the county treasurer shall be under the official seal of office and acknowledged by the county treasurer before some officer authorized to take the acknowledgment of deeds. When so executed and acknowledged, it shall be recorded in the same manner as other conveyances of real estate. When recorded it shall vest in the grantee and his or her heirs and assigns the title of the property described in the deed, subject to any lien on real estate for special assessments levied by a sanitary and improvement district which special assessments have not been previously offered for sale by the county treasurer.

(2) Within thirty days after recording of the deed, the grantee shall pay the surplus to the previous owner of the property described in the deed. For purposes of this subsection, the surplus shall be calculated as follows:

(a) If the property has been sold since recording of the deed, the surplus shall be equal to the amount received from such sale, minus (i) the amount that would have been needed to redeem such property, (ii) the amount needed to pay all encumbrances on such property, and (iii) an administrative fee of five hundred dollars or reasonable attorney's fees in the event of judicial foreclosure, which may be retained by the grantee to offset the costs incurred in obtaining the deed; or

(b) If the property has not been sold since recording of the deed, the surplus shall be equal to the assessed value of such property, minus (i) the amount that would have been needed to redeem such property, (ii) the amount needed to pay all encumbrances on such property, and (iii) an administrative fee of five hundred dollars or reasonable attorney's fees in the event of judicial foreclosure, which may be retained by the grantee to offset the costs incurred in obtaining the deed.

Sec. 57. Section 77-2015, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-2015 (1) ~~Each petitioner in a proceeding to determine inheritance tax personal representative of an estate shall, upon the entry of an order determining inheritance tax, if any distribution of any proceeds from an estate, submit a report regarding inheritance taxes to the county treasurer of the county in which the inheritance tax determination was conducted. The report shall be submitted on a form prescribed by the Department of Revenue and shall include the following information: estate was administered.~~

(a) The amount of inheritance tax revenue generated under section 77-2004 and the number of persons receiving property that was subject to tax under section 77-2004 and on which inheritance tax was assessed;

(b) The amount of inheritance tax revenue generated under section 77-2005 and the number of persons receiving property that was subject to tax under section 77-2005 and on which inheritance tax was assessed;

(c) The amount of inheritance tax revenue generated under section 77-2006 and the number of persons receiving property that was subject to tax under section 77-2006 and on which inheritance tax was assessed; and

(d) The number of persons who do not reside in this state and who received any property that was subject to tax under section 77-2004, 77-2005, or 77-2006 and on which inheritance tax was assessed.

(2) The ~~On or before July 1, 2023,~~ and on or before July 1 of each year thereafter, the county treasurer of each county shall compile and submit a report regarding inheritance taxes generated from January 1, 2023, through June 30, 2023, to the Department of Revenue on or before August 1, 2023. Beginning July 1, 2023, the county treasurer of each county shall compile and submit a report regarding annual inheritance taxes generated from July 1 of each year through June 30 of the next year, to the Department of Revenue on or before August 1, 2024, and on or before August 1 of each year thereafter. The reports shall be submitted on a form prescribed by the Department of Revenue and shall include the following information:

(a) ~~(1)~~ The amount of inheritance tax revenue generated under section 77-2004 and the number of persons receiving property that was subject to tax under section 77-2004 and on which inheritance tax was assessed;

(b) ~~(2)~~ The amount of inheritance tax revenue generated under section 77-2005 and the number of persons receiving property that was subject to tax under section 77-2005 and on which inheritance tax was assessed;

(c) ~~(3)~~ The amount of inheritance tax revenue generated under section 77-2006 and the number of persons receiving property that was subject to tax under section 77-2006 and on which inheritance tax was assessed; and

(d) ~~(4)~~ The number of persons who do not reside in this state and who received any property that was subject to tax under section 77-2004, 77-2005, or 77-2006 and on which inheritance tax was assessed.

(3) On or before September 1, 2023, and on or before September 1 of each year thereafter, the Department of Revenue shall compile and aggregate such treasurer reports received from each county and make each county report and a statewide aggregate of such county reports available to the public on the Department of Revenue's website.

Sec. 58. Section 77-2701, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-2701 Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235, 77-27,236, and 77-27,238 to 77-27,240 and sections 62, 66, and 77 of this act shall be known and may be cited as the Nebraska Revenue Act of 1967.

Sec. 59. Section 77-2701.02, Reissue Revised Statutes of Nebraska, is amended to read:

77-2701.02 Pursuant to section 77-2715.01:

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

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

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

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

(5) Commencing July 1, 2023, the rate of the sales tax levied pursuant to section 77-2703 shall be five and one-half percent, except that such rate shall be two and three-quarters percent on transactions occurring within a good life district as defined in section 11 of this act.

Sec. 60. Section 77-2701.04, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-2701.04 For purposes of sections 77-2701.04 to 77-2713 and 77-27,239 and sections 62 and 66 of this act, unless the context otherwise requires, the definitions found in sections 77-2701.05 to 77-2701.55 and section 62 of this act shall be used.

Sec. 61. Section 77-2701.41, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-2701.41 Taxpayer means any person subject to a tax imposed by sections 77-2701 to 77-2713 and sections 62 and 66 of this act.

Sec. 62. Buyer-based exemption means an exemption based on who purchases the product. An exemption that is available to all individuals shall not be considered a buyer-based exemption.

Sec. 63. Section 77-2704.12, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-2704.12 (1) Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by (a) any nonprofit organization created exclusively for religious purposes, (b) any nonprofit organization providing services exclusively to the blind, (c) any nonprofit private educational institution established under sections 79-1601 to 79-1607, (d) any accredited, nonprofit, privately controlled college or university with its primary campus physically located in Nebraska, (e) any nonprofit (i) hospital, (ii) health clinic when one or more hospitals or the parent corporations of the hospitals own or control the health clinic for the purpose of reducing the cost

of health services or when the health clinic receives federal funds through the United States Public Health Service for the purpose of serving populations that are medically underserved, (iii) skilled nursing facility, (iv) intermediate care facility, (v) assisted-living facility, (vi) intermediate care facility for persons with developmental disabilities, (vii) nursing facility, (viii) home health agency, (ix) hospice or hospice service, (x) respite care service, (xi) mental health substance use treatment center licensed under the Health Care Facility Licensure Act, or (xii) center for independent living as defined in 29 U.S.C. 796a, (f) any nonprofit licensed residential child-caring agency, (g) any nonprofit licensed child-placing agency, ~~or~~ (h) any nonprofit organization certified by the Department of Health and Human Services to provide community-based services for persons with developmental disabilities, or (i) any nonprofit organization certified or contracted by a regional behavioral health authority or the Division of Behavioral Health of the Department of Health and Human Services to provide community-based mental health or substance use services.

(2) Any organization listed in subsection (1) of this section shall apply for an exemption on forms provided by the Tax Commissioner. The application shall be approved and a numbered certificate of exemption received by the applicant organization in order to be exempt from the sales and use tax.

(3) The appointment of purchasing agents shall be recognized for the purpose of altering the status of the construction contractor as the ultimate consumer of building materials which are physically annexed to the structure and which subsequently belong to the owner of the organization or institution. The appointment of purchasing agents shall be in writing and occur prior to having any building materials annexed to real estate in the construction, improvement, or repair. The contractor who has been appointed as a purchasing agent may apply for a refund of or use as a credit against a future use tax liability the tax paid on inventory items annexed to real estate in the construction, improvement, or repair of a project for a licensed not-for-profit institution.

(4) Any organization listed in subsection (1) of this section which enters into a contract of construction, improvement, or repair upon property annexed to real estate without first issuing a purchasing agent authorization to a contractor or repairperson prior to the building materials being annexed to real estate in the project may apply to the Tax Commissioner for a refund of any sales and use tax paid by the contractor or repairperson on the building materials physically annexed to real estate in the construction, improvement, or repair.

(5) Any person purchasing, storing, using, or otherwise consuming building materials in the performance of any construction, improvement, or repair by or for any institution enumerated in subsection (1) of this section which is licensed upon completion although not licensed at the time of construction or improvement, which building materials are annexed to real estate and which subsequently belong to the owner of the institution, shall pay any applicable sales or use tax thereon. Upon becoming licensed and receiving a numbered certificate of exemption, the institution organized not for profit shall be entitled to a refund of the amount of taxes so paid in the performance of such construction, improvement, or repair and shall submit whatever evidence is required by the Tax Commissioner sufficient to establish the total sales and use tax paid upon the building materials physically annexed to real estate in the construction, improvement, or repair.

Sec. 64. Section 77-2704.15, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-2704.15 (1)(a) Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county, township, city, village, rural or suburban fire protection district, city airport authority, county airport authority, joint airport authority, drainage district organized under sections 31-401 to 31-450, sanitary drainage district organized under sections 31-501 to 31-553, land bank created under the Nebraska Municipal Land Bank Act, natural resources district, county agricultural society, elected county fair board, housing agency as defined in section 71-1575 except for purchases for any commercial operation that does not exclusively benefit the residents of an affordable housing project, cemetery created under section 12-101, or joint entity or agency formed by any combination of two or more counties, townships, cities, villages, or other exempt governmental units pursuant to the Interlocal Cooperation Act, the Integrated Solid Waste Management Act, or the Joint Public Agency Act, except for purchases for use in the business of furnishing gas, water, electricity, or heat, or by any irrigation or reclamation district, the irrigation division of any public power and irrigation district, or public schools or learning communities established under Chapter 79.

(b) For purposes of this subsection, purchases by the state or by a governmental unit listed in subdivision (a) of this subsection include purchases by any a nonprofit corporation under a lease-purchase agreement, financing lease, or other instrument which provides for transfer of title to the property to the state or governmental unit upon payment of all amounts due thereunder. If any a nonprofit corporation will be making purchases under a lease-purchase agreement, financing lease, or other instrument as part of a project with a total estimated cost that exceeds the threshold amount, then such purchases shall qualify for an exemption under this section only if the

question of proceeding with such project has been submitted at a primary, general, or special election held within the governmental unit that will be a party to the lease-purchase agreement, financing lease, or other instrument and has been approved by the voters of such governmental unit or the governmental unit's expenditure towards the project is paid in whole or in part with redevelopment bonds. For purposes of this subdivision, (i) project means the acquisition of real property or the construction of a public building and (ii) threshold amount means the greater of fifty thousand dollars or six-tenths of one percent of the total actual value of real and personal property of the governmental unit that will be a party to the lease-purchase agreement, financing lease, or other instrument as of the end of the governmental unit's prior fiscal year.

(2) The appointment of purchasing agents shall be recognized for the purpose of altering the status of the construction contractor as the ultimate consumer of building materials which are physically annexed to the structure and which subsequently belong to the state or the governmental unit. The appointment of purchasing agents shall be in writing and occur prior to having any building materials annexed to real estate in the construction, improvement, or repair. The contractor who has been appointed as a purchasing agent may apply for a refund of or use as a credit against a future use tax liability the tax paid on inventory items annexed to real estate in the construction, improvement, or repair of a project for the state or a governmental unit.

(3) Any governmental unit listed in subsection (1) of this section, except the state, which enters into a contract of construction, improvement, or repair upon property annexed to real estate without first issuing a purchasing agent authorization to a contractor or repairperson prior to the building materials being annexed to real estate in the project may apply to the Tax Commissioner for a refund of any sales and use tax paid by the contractor or repairperson on the building materials physically annexed to real estate in the construction, improvement, or repair.

Sec. 65. Section 77-2704.36, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-2704.36 (1) Sales and use tax shall not be imposed on the gross receipts from the sale, lease, or rental of:

(a) Depreciable agricultural machinery and equipment purchased, leased, or rented on or after January 1, 1993, for use in commercial agriculture; or

(b) Net wrap, baling wire, and twine purchased for use in commercial agriculture.

(2) For purposes of this section:

(a)(i) Agricultural machinery and equipment means tangible personal property that is used directly in (A) cultivating or harvesting a crop, (B) raising or caring for animal life, (C) protecting the health and welfare of animal life, including fans, curtains, and climate control equipment within livestock buildings, or (D) collecting or processing an agricultural product on a farm or ranch, regardless of the degree of attachment to any real property; and

(ii) Agricultural machinery and equipment includes, but is not limited to, header trailers, head haulers, header transports, and seed tender trailers and excludes any current tractor model as defined in section 2-2701.01 not permitted for sale in Nebraska pursuant to sections 2-2701 to 2-2711; ~~and~~

(b) Baling wire means wire used in the baling of livestock feed or bedding;

(c) ~~(b) Net wrap means plastic wrap used in the baling of livestock feed or bedding; and hay-~~

(d) Twine means a strong string of two or more strands twisted together used in the baling of livestock feed or bedding.

Sec. 66. (1) This section applies on and after July 1, 2026.

(2) The appointment of purchasing agents shall be recognized for the purpose of permitting a construction contractor to purchase materials tax free based on the buyer-based exemption of the contractor's client for items that are physically annexed to the structure and which subsequently belong to the client who is eligible for the buyer-based exemption. The appointment of purchasing agents shall be in writing and occur prior to having any buyer-based tax-exempt items annexed to real estate in the construction, improvement, or repair. The contractor who has been appointed as a purchasing agent may purchase the materials tax free or may apply for a refund of or use as a credit against a future use tax liability the tax paid on inventory items annexed to real estate in the construction, improvement, or repair of a project that belongs to the client who is eligible for the buyer-based exemption.

(3) A client described in subsection (2) of this section which enters into a contract of construction, improvement, or repair with respect to buyer-based tax-exempt items annexed to real estate without first issuing a purchasing agent authorization to a construction contractor prior to such items being annexed to real estate in the project may apply to the Tax Commissioner for a refund of any sales and use tax paid by the contractor on such items physically annexed to real estate in the construction, improvement, or repair.

Sec. 67. Section 77-2711, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-2711 (1)(a) The Tax Commissioner shall enforce sections 77-2701.04 to 77-2713 and sections 62 and 66 of this act and may prescribe, adopt, and enforce rules and regulations relating to the administration and enforcement of such sections.

(b) The Tax Commissioner may prescribe the extent to which any ruling or

regulation shall be applied without retroactive effect.

(2) The Tax Commissioner may employ accountants, auditors, investigators, assistants, and clerks necessary for the efficient administration of the Nebraska Revenue Act of 1967 and may delegate authority to his or her representatives to conduct hearings, prescribe regulations, or perform any other duties imposed by such act.

(3)(a) Every seller, every retailer, and every person storing, using, or otherwise consuming in this state property purchased from a retailer shall keep such records, receipts, invoices, and other pertinent papers in such form as the Tax Commissioner may reasonably require.

(b) Every such seller, retailer, or person shall keep such records for not less than three years from the making of such records unless the Tax Commissioner in writing sooner authorized their destruction.

(4) The Tax Commissioner or any person authorized in writing by him or her may examine the books, papers, records, and equipment of any person selling property and any person liable for the use tax and may investigate the character of the business of the person in order to verify the accuracy of any return made or, if no return is made by the person, to ascertain and determine the amount required to be paid. In the examination of any person selling property or of any person liable for the use tax, an inquiry shall be made as to the accuracy of the reporting of city and county sales and use taxes for which the person is liable under the Local Option Revenue Act or sections 13-319, 13-324, 13-2813, and 77-6403 and the accuracy of the allocation made between the various counties, cities, villages, and municipal counties of the tax due. The Tax Commissioner may make or cause to be made copies of resale or exemption certificates and may pay a reasonable amount to the person having custody of the records for providing such copies.

(5) The taxpayer shall have the right to keep or store his or her records at a point outside this state and shall make his or her records available to the Tax Commissioner at all times.

(6) In administration of the use tax, the Tax Commissioner may require the filing of reports by any person or class of persons having in his, her, or their possession or custody information relating to sales of property, the storage, use, or other consumption of which is subject to the tax. The report shall be filed when the Tax Commissioner requires and shall set forth the names and addresses of purchasers of the property, the sales price of the property, the date of sale, and such other information as the Tax Commissioner may require.

(7) It shall be a Class I misdemeanor for the Tax Commissioner or any official or employee of the Tax Commissioner, the State Treasurer, or the Department of Administrative Services to make known in any manner whatever the business affairs, operations, or information obtained by an investigation of records and activities of any retailer or any other person visited or examined in the discharge of official duty or the amount or source of income, profits, losses, expenditures, or any particular thereof, set forth or disclosed in any return, or to permit any return or copy thereof, or any book containing any abstract or particulars thereof to be seen or examined by any person not connected with the Tax Commissioner. Nothing in this section shall be construed to prohibit (a) the delivery to a taxpayer, his or her duly authorized representative, or his or her successors, receivers, trustees, executors, administrators, assignees, or guarantors, if directly interested, of a certified copy of any return or report in connection with his or her tax, (b) the publication of statistics so classified as to prevent the identification of particular reports or returns and the items thereof, (c) the inspection by the Attorney General, other legal representative of the state, or county attorney of the reports or returns of any taxpayer when either (i) information on the reports or returns is considered by the Attorney General to be relevant to any action or proceeding instituted by the taxpayer or against whom an action or proceeding is being considered or has been commenced by any state agency or the county or (ii) the taxpayer has instituted an action to review the tax based thereon or an action or proceeding against the taxpayer for collection of tax or failure to comply with the Nebraska Revenue Act of 1967 is being considered or has been commenced, (d) the furnishing of any information to the United States Government or to states allowing similar privileges to the Tax Commissioner, (e) the disclosure of information and records to a collection agency contracting with the Tax Commissioner pursuant to sections 77-377.01 to 77-377.04, (f) the disclosure to another party to a transaction of information and records concerning the transaction between the taxpayer and the other party, (g) the disclosure of information pursuant to section 77-27,195, 77-5731, 77-6837, 77-6839, or 77-6928, or (h) the disclosure of information to the Department of Labor necessary for the administration of the Employment Security Law, the Contractor Registration Act, or the Employee Classification Act.

(8) Notwithstanding the provisions of subsection (7) of this section, the Tax Commissioner may permit the Postal Inspector of the United States Postal Service or his or her delegates to inspect the reports or returns of any person filed pursuant to the Nebraska Revenue Act of 1967 when information on the reports or returns is relevant to any action or proceeding instituted or being considered by the United States Postal Service against such person for the fraudulent use of the mails to carry and deliver false and fraudulent tax returns to the Tax Commissioner with the intent to defraud the State of Nebraska or to evade the payment of Nebraska state taxes.

(9) Notwithstanding the provisions of subsection (7) of this section, the

Tax Commissioner may permit other tax officials of this state to inspect the tax returns, reports, and applications filed under sections 77-2701.04 to 77-2713 and sections 62 and 66 of this act, but such inspection shall be permitted only for purposes of enforcing a tax law and only to the extent and under the conditions prescribed by the rules and regulations of the Tax Commissioner.

(10) Notwithstanding the provisions of subsection (7) of this section, the Tax Commissioner may, upon request, provide the county board of any county which has exercised the authority granted by section 81-3716 with a list of the names and addresses of the hotels located within the county for which lodging sales tax returns have been filed or for which lodging sales taxes have been remitted for the county's County Visitors Promotion Fund under the Nebraska Visitors Development Act.

The information provided by the Tax Commissioner shall indicate only the names and addresses of the hotels located within the requesting county for which lodging sales tax returns have been filed for a specified period and the fact that lodging sales taxes remitted by or on behalf of the hotel have constituted a portion of the total sum remitted by the state to the county for a specified period under the provisions of the Nebraska Visitors Development Act. No additional information shall be revealed.

(11)(a) Notwithstanding the provisions of subsection (7) of this section, the Tax Commissioner shall, upon written request by the Auditor of Public Accounts or the office of Legislative Audit, make tax returns and tax return information open to inspection by or disclosure to the Auditor of Public Accounts or employees of the office of Legislative Audit for the purpose of and to the extent necessary in making an audit of the Department of Revenue pursuant to section 50-1205 or 84-304. Confidential tax returns and tax return information shall be audited only upon the premises of the Department of Revenue. All audit workpapers pertaining to the audit of the Department of Revenue shall be stored in a secure place in the Department of Revenue.

(b) No employee of the Auditor of Public Accounts or the office of Legislative Audit shall disclose to any person, other than another Auditor of Public Accounts or office employee whose official duties require such disclosure, any return or return information described in the Nebraska Revenue Act of 1967 in a form which can be associated with or otherwise identify, directly or indirectly, a particular taxpayer.

(c) Any person who violates the provisions of this subsection shall be guilty of a Class I misdemeanor. For purposes of this subsection, employee includes a former Auditor of Public Accounts or office of Legislative Audit employee.

(12) For purposes of this subsection and subsections (11) and (14) of this section:

(a) Disclosure means the making known to any person in any manner a tax return or return information;

(b) Return information means:

(i) A taxpayer's identification number and (A) the nature, source, or amount of his or her income, payments, receipts, deductions, exemptions, credits, assets, liabilities, net worth, tax liability, tax withheld, deficiencies, overassessments, or tax payments, whether the taxpayer's return was, is being, or will be examined or subject to other investigation or processing or (B) any other data received by, recorded by, prepared by, furnished to, or collected by the Tax Commissioner with respect to a return or the determination of the existence or possible existence of liability or the amount of liability of any person for any tax, penalty, interest, fine, forfeiture, or other imposition or offense; and

(ii) Any part of any written determination or any background file document relating to such written determination; and

(c) Tax return or return means any tax or information return or claim for refund required by, provided for, or permitted under sections 77-2701 to 77-2713 and sections 62 and 66 of this act which is filed with the Tax Commissioner by, on behalf of, or with respect to any person and any amendment or supplement thereto, including supporting schedules, attachments, or lists which are supplemental to or part of the filed return.

(13) Notwithstanding the provisions of subsection (7) of this section, the Tax Commissioner shall, upon request, provide any municipality which has adopted the local option sales tax under the Local Option Revenue Act with a list of the names and addresses of the retailers which have collected the local option sales tax for the municipality. The request may be made annually and shall be submitted to the Tax Commissioner on or before June 30 of each year. The information provided by the Tax Commissioner shall indicate only the names and addresses of the retailers. The Tax Commissioner may provide additional information to a municipality so long as the information does not include any data detailing the specific revenue, expenses, or operations of any particular business.

(14)(a) Notwithstanding the provisions of subsection (7) of this section, the Tax Commissioner shall, upon written request, provide an individual certified under subdivision (b) of this subsection representing a municipality which has adopted the local option sales and use tax under the Local Option Revenue Act with confidential sales and use tax returns and sales and use tax return information regarding taxpayers that possess a sales tax permit and the amounts remitted by such permit holders at locations within the boundaries of the requesting municipality or with confidential business use tax returns and business use tax return information regarding taxpayers that file a Nebraska

and Local Business Use Tax Return and the amounts remitted by such taxpayers at locations within the boundaries of the requesting municipality. Any written request pursuant to this subsection shall provide the Department of Revenue with no less than ten business days to prepare the sales and use tax returns and sales and use tax return information requested. The individual certified under subdivision (b) of this subsection shall review such returns and return information only upon the premises of the department, except that such limitation shall not apply if the certifying municipality has an agreement in effect under the Nebraska Advantage Transformational Tourism and Redevelopment Act. In such case, the individual certified under subdivision (b) of this subsection may request that copies of such returns and return information be sent to him or her by electronic transmission, secured in a manner as determined by the Tax Commissioner.

(b) Each municipality that seeks to request information under subdivision (a) of this subsection shall certify to the Department of Revenue one individual who is authorized by such municipality to make such request and review the documents described in subdivision (a) of this subsection. The individual may be a municipal employee or an individual who contracts with the requesting municipality to provide financial, accounting, or other administrative services.

(c) No individual certified by a municipality pursuant to subdivision (b) of this subsection shall disclose to any person any information obtained pursuant to a review under this subsection. An individual certified by a municipality pursuant to subdivision (b) of this subsection shall remain subject to this subsection after he or she (i) is no longer certified or (ii) is no longer in the employment of or under contract with the certifying municipality.

(d) Any person who violates the provisions of this subsection shall be guilty of a Class I misdemeanor.

(e) The Department of Revenue shall not be held liable by any person for an impermissible disclosure by a municipality or any agent or employee thereof of any information obtained pursuant to a review under this subsection.

(15) In all proceedings under the Nebraska Revenue Act of 1967, the Tax Commissioner may act for and on behalf of the people of the State of Nebraska. The Tax Commissioner in his or her discretion may waive all or part of any penalties provided by the provisions of such act or interest on delinquent taxes specified in section 45-104.02, as such rate may from time to time be adjusted.

(16)(a) The purpose of this subsection is to set forth the state's policy for the protection of the confidentiality rights of all participants in the system operated pursuant to the streamlined sales and use tax agreement and of the privacy interests of consumers who deal with model 1 sellers.

(b) For purposes of this subsection:

(i) Anonymous data means information that does not identify a person;

(ii) Confidential taxpayer information means all information that is protected under a member state's laws, regulations, and privileges; and

(iii) Personally identifiable information means information that identifies a person.

(c) The state agrees that a fundamental precept for model 1 sellers is to preserve the privacy of consumers by protecting their anonymity. With very limited exceptions, a certified service provider shall perform its tax calculation, remittance, and reporting functions without retaining the personally identifiable information of consumers.

(d) The governing board of the member states in the streamlined sales and use tax agreement may certify a certified service provider only if that certified service provider certifies that:

(i) Its system has been designed and tested to ensure that the fundamental precept of anonymity is respected;

(ii) Personally identifiable information is only used and retained to the extent necessary for the administration of model 1 with respect to exempt purchasers;

(iii) It provides consumers clear and conspicuous notice of its information practices, including what information it collects, how it collects the information, how it uses the information, how long, if at all, it retains the information, and whether it discloses the information to member states. Such notice shall be satisfied by a written privacy policy statement accessible by the public on the website of the certified service provider;

(iv) Its collection, use, and retention of personally identifiable information is limited to that required by the member states to ensure the validity of exemptions from taxation that are claimed by reason of a consumer's status or the intended use of the goods or services purchased; and

(v) It provides adequate technical, physical, and administrative safeguards so as to protect personally identifiable information from unauthorized access and disclosure.

(e) The state shall provide public notification to consumers, including exempt purchasers, of the state's practices relating to the collection, use, and retention of personally identifiable information.

(f) When any personally identifiable information that has been collected and retained is no longer required for the purposes set forth in subdivision (16)(d)(iv) of this section, such information shall no longer be retained by the member states.

(g) When personally identifiable information regarding an individual is retained by or on behalf of the state, it shall provide reasonable access by

such individual to his or her own information in the state's possession and a right to correct any inaccurately recorded information.

(h) If anyone other than a member state, or a person authorized by that state's law or the agreement, seeks to discover personally identifiable information, the state from whom the information is sought should make a reasonable and timely effort to notify the individual of such request.

(i) This privacy policy is subject to enforcement by the Attorney General.

(j) All other laws and regulations regarding the collection, use, and maintenance of confidential taxpayer information remain fully applicable and binding. Without limitation, this subsection does not enlarge or limit the state's authority to:

(i) Conduct audits or other reviews as provided under the agreement and state law;

(ii) Provide records pursuant to the federal Freedom of Information Act, disclosure laws with governmental agencies, or other regulations;

(iii) Prevent, consistent with state law, disclosure of confidential taxpayer information;

(iv) Prevent, consistent with federal law, disclosure or misuse of federal return information obtained under a disclosure agreement with the Internal Revenue Service; and

(v) Collect, disclose, disseminate, or otherwise use anonymous data for governmental purposes.

Sec. 68. Section 77-2713, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-2713 (1) Any person required under the provisions of sections 77-2701.04 to 77-2713 and sections 62 and 66 of this act to collect, account for, or pay over any tax imposed by the Nebraska Revenue Act of 1967 who willfully fails to collect or truthfully account for or pay over such tax and any person who willfully attempts in any manner to evade any tax imposed by such provisions of such act or the payment thereof shall, in addition to other penalties provided by law, be guilty of a Class IV felony.

(2) Any person who willfully aids or assists in, procures, counsels, or advises the preparation or presentation of a false or fraudulent return, affidavit, claim, or document under or in connection with any matter arising under sections 77-2701.04 to 77-2713 and sections 62 and 66 of this act shall, whether or not such falsity or fraud is with the knowledge or consent of the person authorized or required to present such return, affidavit, claim, or document, be guilty of a Class IV felony.

(3) A person who engages in business as a retailer in this state without a permit or permits or after a permit has been suspended and each officer of any corporation which so engages in business shall be guilty of a Class IV misdemeanor. Each day of such operation shall constitute a separate offense.

(4) Any person who gives a resale certificate to the seller for property which he or she knows, at the time of purchase, is purchased for the purpose of use rather than for the purpose of resale, lease, or rental by him or her in the regular course of business shall be guilty of a Class IV misdemeanor.

(5) Any violation of the provisions of sections 77-2701.04 to 77-2713 and sections 62 and 66 of this act, except as otherwise provided, shall be a Class IV misdemeanor.

(6) Any prosecution under sections 77-2701.04 to 77-2713 and sections 62 and 66 of this act shall be instituted within three years after the commission of the offense. If such offense is the failure to do an act required by any of such sections to be done before a certain date, a prosecution for such offense may be commenced not later than three years after such date. The failure to do any act required by sections 77-2701.04 to 77-2713 and sections 62 and 66 of this act shall be deemed an act committed in part at the principal office of the Tax Commissioner. Any prosecution under the provisions of the Nebraska Revenue Act of 1967 may be conducted in any county where the person or corporation to whose liability the proceeding relates resides or has a place of business or in any county in which such criminal act is committed. The Attorney General shall have concurrent jurisdiction with the county attorney in the prosecution of any offenses under the provisions of the Nebraska Revenue Act of 1967.

Sec. 69. Section 77-2715.07, Revised Statutes Cumulative Supplement, 2022, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(f) A credit to employers as provided in sections 77-27,238 and 77-27,240; and

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

(h) A credit to grocery store retailers, restaurants, and agricultural producers as provided in section 77 of this act.

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

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

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

(c) A refundable credit for individuals who qualify for an income tax credit as an owner of agricultural assets under the Beginning Farmer Tax Credit Act for all taxable years beginning or deemed to begin on or after January 1, 2009, under the Internal Revenue Code of 1986, as amended. The credit allowed for each partner, shareholder, member, or beneficiary of a partnership, corporation, limited liability company, or estate or trust qualifying for an income tax credit as an owner of agricultural assets under the Beginning Farmer Tax Credit Act shall be equal to the partner's, shareholder's, member's, or beneficiary's portion of the amount of tax credit distributed pursuant to subsection (6) of section 77-5211.

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

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

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

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

(7)(a) For taxable years beginning or deemed to begin on or after January 1, 2020, and before January 1, 2026, under the Internal Revenue Code of 1986, as amended, a nonrefundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 in the amount of five thousand dollars shall be allowed to any individual who purchases a residence during the taxable year if such residence:

(i) Is located within an area that has been declared an extremely blighted area under section 18-2101.02;

(ii) Is the individual's primary residence; and

(iii) Was not purchased from a family member of the individual or a family member of the individual's spouse.

(b) The credit provided in this subsection shall be claimed for the taxable year in which the residence is purchased. If the individual cannot fully utilize the credit for such year, the credit may be carried forward to subsequent taxable years until fully utilized.

(c) No more than one credit may be claimed under this subsection with respect to a single residence.

(d) The credit provided in this subsection shall be subject to recapture by the Department of Revenue if the individual claiming the credit sells or otherwise transfers the residence or quits using the residence as his or her primary residence within five years after the end of the taxable year in which the credit was claimed.

(e) For purposes of this subsection, family member means an individual's spouse, child, parent, brother, sister, grandchild, or grandparent, whether by blood, marriage, or adoption.

(8) There shall be allowed to all individuals refundable credits against the income tax imposed by the Nebraska Revenue Act of 1967 as provided in the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, and the Renewable Chemical Production Tax Credit Act.

(9)(a) For taxable years beginning or deemed to begin on or after January 1, 2022, under the Internal Revenue Code of 1986, as amended, a refundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 shall be allowed to the parent of a stillborn child if:

(i) A fetal death certificate is filed pursuant to subsection (1) of section 71-606 for such child;

(ii) Such child had advanced to at least the twentieth week of gestation; and

(iii) Such child would have been a dependent of the individual claiming the credit.

(b) The amount of the credit shall be two thousand dollars.

(c) The credit shall be allowed for the taxable year in which the stillbirth occurred.

Sec. 70. Section 77-2716, Revised Statutes Cumulative Supplement, 2022, is amended to read:

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

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

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

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

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

(d) There shall be added that portion of the total dividends and other income received from a regulated investment company which is attributable to obligations described in subdivision (c) of this subsection and excluded for federal income tax purposes as reported to the recipient by the regulated investment company; and

(e)(i) Any amount subtracted under this subsection shall be reduced by any

interest on indebtedness incurred to carry the obligations or securities described in this subsection or the investment in the regulated investment company and by any expenses incurred in the production of interest or dividend income described in this subsection to the extent that such expenses, including amortizable bond premiums, are deductible in determining federal taxable income.

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

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

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

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

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

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

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

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

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

(7) Federal adjusted gross income shall be modified to exclude any amount repaid by the taxpayer for which a reduction in federal tax is allowed under section 1341(a)(5) of the Internal Revenue Code.

(8)(a) Federal adjusted gross income or, for corporations and fiduciaries, federal taxable income shall be reduced, to the extent included, by income from interest, earnings, and state contributions received from the Nebraska educational savings plan trust created in sections 85-1801 to 85-1817 and any account established under the achieving a better life experience program as provided in sections 77-1401 to 77-1409.

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

(c) For taxable years beginning or deemed to begin on or after January 1, 2021, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be reduced, to the extent included in the adjusted gross income of an individual, by the amount of any contribution made by the individual's employer into an account under the Nebraska educational savings plan trust owned by the individual, not to exceed five thousand dollars per

married filing separate return or ten thousand dollars for any other return.

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

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

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

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

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

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

(d) The amount of bonus depreciation added to federal adjusted gross income or, for corporations and fiduciaries, federal taxable income by this subsection shall be subtracted in a later taxable year. Twenty percent of the total amount of bonus depreciation added back by this subsection for tax years beginning or deemed to begin before January 1, 2003, under the Internal Revenue Code of 1986, as amended, may be subtracted in the first taxable year beginning or deemed to begin on or after January 1, 2005, under the Internal Revenue Code of 1986, as amended, and twenty percent in each of the next four following taxable years. Twenty percent of the total amount of bonus depreciation added back by this subsection for tax years beginning or deemed to begin on or after January 1, 2003, may be subtracted in the first taxable year beginning or deemed to begin on or after January 1, 2006, under the Internal Revenue Code of 1986, as amended, and twenty percent in each of the next four following taxable years.

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

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

(b) For taxable years beginning or deemed to begin before January 1, 2018, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be increased by the withdrawals made as a participant in the Nebraska long-term care savings plan under the act by a person who is not a qualified individual or for any reason other than transfer of funds to a spouse, long-term care expenses, long-term care insurance premiums, or death of the participant, including withdrawals made by reason of cancellation of the participation agreement, to the extent previously deducted as a contribution or as investment earnings.

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

(13)(a) For taxable years beginning or deemed to begin on or after January 1, 2015, and before January 1, 2025, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be reduced by the amount received as benefits under the federal Social Security Act which are included in the federal adjusted gross income if:

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

(ii) For taxpayers filing any other return, federal adjusted gross income

is forty-three thousand dollars or less.

(b) For taxable years beginning or deemed to begin on or after January 1, 2020, and before January 1, 2025, under the Internal Revenue Code of 1986, as amended, the Tax Commissioner shall adjust the dollar amounts provided in subdivisions (13)(a)(i) and (ii) of this section by the same percentage used to adjust individual income tax brackets under subsection (3) of section 77-2715.03.

(c) For taxable years beginning or deemed to begin on or after January 1, 2021, and before January 1, 2025, under the Internal Revenue Code of 1986, as amended, a taxpayer may claim the reduction to federal adjusted gross income allowed under this subsection or the reduction to federal adjusted gross income allowed under subsection (14) of this section, whichever provides the greater reduction.

(14)(a) For taxable years beginning or deemed to begin on or after January 1, 2021, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be reduced by a percentage of the social security benefits that are received and included in federal adjusted gross income. The pertinent percentage shall be:

(i) Five percent for taxable years beginning or deemed to begin on or after January 1, 2021, and before January 1, 2022, under the Internal Revenue Code of 1986, as amended;

(ii) Forty percent for taxable years beginning or deemed to begin on or after January 1, 2022, and before January 1, 2023, under the Internal Revenue Code of 1986, as amended;

(iii) Sixty percent for taxable years beginning or deemed to begin on or after January 1, 2023, and before January 1, 2024, under the Internal Revenue Code of 1986, as amended;

(iv) Eighty percent for taxable years beginning or deemed to begin on or after January 1, 2024, and before January 1, 2025, under the Internal Revenue Code of 1986, as amended; and

(v) One hundred percent for taxable years beginning or deemed to begin on or after January 1, 2025, under the Internal Revenue Code of 1986, as amended.

(b) For purposes of this subsection, social security benefits means benefits received under the federal Social Security Act.

(c) For taxable years beginning or deemed to begin on or after January 1, 2021, and before January 1, 2025, under the Internal Revenue Code of 1986, as amended, a taxpayer may claim the reduction to federal adjusted gross income allowed under this subsection or the reduction to federal adjusted gross income allowed under subsection (13) of this section, whichever provides the greater reduction.

(15)(a) For taxable years beginning or deemed to begin on or after January 1, 2015, and before January 1, 2022, under the Internal Revenue Code of 1986, as amended, an individual may make a one-time election within two calendar years after the date of his or her retirement from the military to exclude income received as a military retirement benefit by the individual to the extent included in federal adjusted gross income and as provided in this subdivision. The individual may elect to exclude forty percent of his or her military retirement benefit income for seven consecutive taxable years beginning with the year in which the election is made or may elect to exclude fifteen percent of his or her military retirement benefit income for all taxable years beginning with the year in which he or she turns sixty-seven years of age.

(b) For taxable years beginning or deemed to begin on or after January 1, 2022, under the Internal Revenue Code of 1986, as amended, an individual may exclude one hundred percent of the military retirement benefit income received by such individual to the extent included in federal adjusted gross income.

(c) For purposes of this subsection, military retirement benefit means retirement benefits that are periodic payments attributable to service in the uniformed services of the United States for personal services performed by an individual prior to his or her retirement. The term includes retirement benefits described in this subdivision that are reported to the individual on either:

(i) An Internal Revenue Service Form 1099-R received from the United States Department of Defense; or

(ii) An Internal Revenue Service Form 1099-R received from the United States Office of Personnel Management.

(16) For taxable years beginning or deemed to begin on or after January 1, 2021, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be reduced by the amount received as a Segal AmeriCorps Education Award, to the extent such amount is included in federal adjusted gross income.

(17) For taxable years beginning or deemed to begin on or after January 1, 2022, under the Internal Revenue Code of 1986, as amended, federal adjusted gross income shall be reduced by the amount received by or on behalf of a firefighter for cancer benefits under the Firefighter Cancer Benefits Act to the extent included in federal adjusted gross income.

(18) There shall be subtracted from the federal adjusted gross income of individuals any amount received by the individual as student loan repayment assistance under the Teach in Nebraska Today Act, to the extent such amount is included in federal adjusted gross income.

(19) For taxable years beginning or deemed to begin on or after January 1, 2023, under the Internal Revenue Code of 1986, as amended, a retired individual who was employed full time as a firefighter or certified law enforcement

officer for at least twenty years and who is at least sixty years of age as of the end of the taxable year may reduce his or her federal adjusted gross income by the amount of health insurance premiums paid by such individual during the taxable year, to the extent such premiums were not already deducted in determining the individual's federal adjusted gross income.

Sec. 71. Section 77-2717, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-2717 (1)(a)(i) For taxable years beginning or deemed to begin before January 1, 2014, the tax imposed on all resident estates and trusts shall be a percentage of the federal taxable income of such estates and trusts as modified in section 77-2716, plus a percentage of the federal alternative minimum tax and the federal tax on premature or lump-sum distributions from qualified retirement plans. The additional taxes shall be recomputed by (A) substituting Nebraska taxable income for federal taxable income, (B) calculating what the federal alternative minimum tax would be on Nebraska taxable income and adjusting such calculations for any items which are reflected differently in the determination of federal taxable income, and (C) applying Nebraska rates to the result. The federal credit for prior year minimum tax, after the recomputations required by the Nebraska Revenue Act of 1967, and the credits provided in the Nebraska Advantage Microenterprise Tax Credit Act and the Nebraska Advantage Research and Development Act shall be allowed as a reduction in the income tax due. A refundable income tax credit shall be allowed for all resident estates and trusts under the Angel Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, and the Nebraska Advantage Research and Development Act. A nonrefundable income tax credit shall be allowed for all resident estates and trusts as provided in the New Markets Job Growth Investment Act.

(ii) For taxable years beginning or deemed to begin on or after January 1, 2014, the tax imposed on all resident estates and trusts shall be a percentage of the federal taxable income of such estates and trusts as modified in section 77-2716, plus a percentage of the federal tax on premature or lump-sum distributions from qualified retirement plans. The additional taxes shall be recomputed by substituting Nebraska taxable income for federal taxable income and applying Nebraska rates to the result. The credits provided in the Nebraska Advantage Microenterprise Tax Credit Act and the Nebraska Advantage Research and Development Act shall be allowed as a reduction in the income tax due. A refundable income tax credit shall be allowed for all resident estates and trusts under the Angel Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, and the Renewable Chemical Production Tax Credit Act. A nonrefundable income tax credit shall be allowed for all resident estates and trusts as provided in the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, and sections 77-27,238 and 77-27,240 and section 77 of this act.

(b) The tax imposed on all nonresident estates and trusts shall be the portion of the tax imposed on resident estates and trusts which is attributable to the income derived from sources within this state. The tax which is attributable to income derived from sources within this state shall be determined by multiplying the liability to this state for a resident estate or trust with the same total income by a fraction, the numerator of which is the nonresident estate's or trust's Nebraska income as determined by sections 77-2724 and 77-2725 and the denominator of which is its total federal income after first adjusting each by the amounts provided in section 77-2716. The federal credit for prior year minimum tax, after the recomputations required by the Nebraska Revenue Act of 1967, reduced by the percentage of the total income which is attributable to income from sources outside this state, and the credits provided in the Nebraska Advantage Microenterprise Tax Credit Act and the Nebraska Advantage Research and Development Act shall be allowed as a reduction in the income tax due. A refundable income tax credit shall be allowed for all nonresident estates and trusts under the Angel Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, and the Renewable Chemical Production Tax Credit Act. A nonrefundable income tax credit shall be allowed for all nonresident estates and trusts as provided in the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, and sections 77-27,238 and 77-27,240 and section 77 of this act.

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

(3) The beneficiaries of such estate or trust who are residents of this

state shall include in their income their proportionate share of such estate's or trust's federal income and shall reduce their Nebraska tax liability by their proportionate share of the credits as provided in the Angel Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the Renewable Chemical Production Tax Credit Act, and sections 77-27,238 and 77-27,240 and section 77 of this act. There shall be allowed to a beneficiary a refundable income tax credit under the Beginning Farmer Tax Credit Act for all taxable years beginning or deemed to begin on or after January 1, 2001, under the Internal Revenue Code of 1986, as amended.

(4) If any beneficiary of such estate or trust is a nonresident during any part of the estate's or trust's taxable year, he or she shall file a Nebraska income tax return which shall include (a) in Nebraska adjusted gross income that portion of the estate's or trust's Nebraska income, as determined under sections 77-2724 and 77-2725, allocable to his or her interest in the estate or trust and (b) a reduction of the Nebraska tax liability by his or her proportionate share of the credits as provided in the Angel Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the Renewable Chemical Production Tax Credit Act, and sections 77-27,238 and 77-27,240 and section 77 of this act and shall execute and forward to the fiduciary, on or before the original due date of the Nebraska fiduciary return, an agreement which states that he or she will file a Nebraska income tax return and pay income tax on all income derived from or connected with sources in this state, and such agreement shall be attached to the Nebraska fiduciary return for such taxable year.

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

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

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

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

Sec. 72. Section 77-2734.03, Revised Statutes Cumulative Supplement, 2022, is amended to read:

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

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

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

(2) There shall be allowed to corporate taxpayers a tax credit for contributions to community betterment programs as provided in the Community Development Assistance Act.

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

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

(5) There shall be allowed to corporate taxpayers refundable income tax credits under the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, and the Renewable Chemical Production Tax Credit Act.

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

(7) There shall be allowed to corporate taxpayers a nonrefundable income tax credit as provided in the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, and sections 77-27,238 and 77-27,240 and section 77 of this act.

Sec. 73. Section 77-27,132, Revised Statutes Cumulative Supplement, 2022, is amended to read:

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

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

(a) For transactions occurring on or after October 1, 2014, and before October 1, 2027, credit to the Game and Parks Commission Capital Maintenance Fund all of the proceeds of the sales and use taxes imposed pursuant to section 77-2703 on the sale or lease of motorboats as defined in section 37-1204, personal watercraft as defined in section 37-1204.01, all-terrain vehicles as defined in section 60-103, and utility-type vehicles as defined in section 60-135.01;

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

(c) For transactions occurring on or after July 1, 2013, and before July 1, ~~2042~~ 2033, of the proceeds of the sales and use taxes derived from transactions other than those listed in subdivisions (2)(a), ~~and (b), and (e)~~ of this section from a sales tax rate of one-quarter of one percent, credit monthly eighty-five percent to the Highway Trust State Highway Capital Improvement Fund and fifteen percent to the Highway Allocation Fund; ~~and~~

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

(e) For transactions occurring on or after July 1, 2023, credit to the Department of Transportation Aeronautics Capital Improvement Fund all of the proceeds of the sales and use taxes imposed pursuant to section 77-2703 on the sale or lease of aircraft as defined in section 3-101.

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

Sec. 74. Section 77-27,187.02, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-27,187.02 (1) To earn the incentives set forth in the Nebraska Advantage Rural Development Act, the taxpayer shall file an application for an agreement with the Tax Commissioner. There shall be no new applications for incentives filed under this section after December 31, 2027.

(2) The application shall contain:

(a) A written statement describing the full expected employment or type of livestock production and the investment amount for a qualified business, as described in section 77-27,189, in this state;

(b) Sufficient documents, plans, and specifications as required by the Tax Commissioner to support the plan and to define a project; and

(c) An application fee of (i) one hundred dollars for an investment amount of less than twenty-five thousand dollars, (ii) two hundred fifty dollars for an investment amount of at least twenty-five thousand dollars but less than fifty thousand dollars, and (iii) five hundred dollars for an investment amount of fifty thousand dollars or more. The fee shall be remitted to the State Treasurer for credit to the Nebraska Incentives Fund. The application and all supporting information shall be confidential except for the name of the taxpayer, the location of the project, and the amounts of increased employment or investment.

(3)(a) The Tax Commissioner shall approve the application and authorize the total amount of credits expected to be earned as a result of the project if he or she is satisfied that the plan in the application defines a project that (i) meets the requirements established in section 77-27,188 and such requirements will be reached within the required time period and (ii) for projects other than livestock modernization or expansion projects, is located in an eligible county, city, or village.

~~(b) For applications filed in calendar year 2015, the Tax Commissioner shall not approve further applications once the expected credits from the approved projects total one million dollars. For applications filed in calendar year 2016 and each year thereafter, the Tax Commissioner shall not approve further applications from applicants described in subsection (1) of section 77-27,188 once the expected credits from approved projects in this category total: For calendar years 2016 through 2022, one million dollars; and for calendar year 2023 and each calendar year thereafter, two million dollars from approved projects from this category total one million dollars. For applications filed in calendar year 2016 and each year thereafter, the Tax Commissioner shall not approve further applications from applicants described in subsection (2) of section 77-27,188 once the expected credits from approved projects in this category total: For calendar year 2016, five hundred thousand dollars; for calendar years 2017 and 2018, seven hundred fifty thousand dollars; for calendar years 2019, 2020, and 2021, one million dollars; and for calendar year 2022 and each calendar year thereafter, ten million dollars. Four hundred dollars of the application fee shall be refunded to the applicant if the application is not approved because the expected credits from approved projects exceed such amounts.~~

(c) Applications for benefits shall be considered separately and in the order in which they are received for the categories represented by subsections (1) and (2) of section 77-27,188.

(d) Applications shall be filed by November 1 and shall be complete by December 1 of each calendar year. Any application that is filed after November 1 or that is not complete on December 1 shall be considered to be filed during the following calendar year.

(4) After approval, the taxpayer and the Tax Commissioner shall enter into a written agreement. The taxpayer shall agree to complete the project, and the Tax Commissioner, on behalf of the State of Nebraska, shall designate the approved plans of the taxpayer as a project and, in consideration of the taxpayer's agreement, agree to allow the taxpayer to use the incentives contained in the Nebraska Advantage Rural Development Act up to the total amount that were authorized by the Tax Commissioner at the time of approval. The application, and all supporting documentation, to the extent approved, shall be considered a part of the agreement. The agreement shall state:

(a) The levels of employment and investment required by the act for the project;

(b) The time period under the act in which the required level must be met;

(c) The documentation the taxpayer will need to supply when claiming an incentive under the act;

(d) The date the application was filed; and

(e) The maximum amount of credits authorized.

Sec. 75. Section 77-27,188, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-27,188 (1) A refundable credit against the taxes imposed by the Nebraska Revenue Act of 1967 shall be allowed to any taxpayer who has an approved application pursuant to the Nebraska Advantage Rural Development Act, who is engaged in a qualified business as described in section 77-27,189, and who after January 1, 2006:

(a)(i) Increases employment by two new equivalent employees and makes an increased investment of at least one hundred twenty-five thousand dollars prior to the end of the first taxable year after the year in which the application was submitted in (A) any county in this state with a population of fewer than fifteen thousand inhabitants, according to the most recent federal decennial census, (B) any village in this state, or (C) any area within the corporate limits of a city of the metropolitan class consisting of one or more contiguous census tracts, as determined by the most recent federal decennial census, which contain a percentage of persons below the poverty line of greater than thirty percent, and all census tracts contiguous to such tract or tracts; or

(ii) Increases employment by five new equivalent employees and makes an increased investment of at least two hundred fifty thousand dollars prior to the end of the first taxable year after the year in which the application was submitted in any county in this state with a population of less than twenty-five thousand inhabitants, according to the most recent federal decennial census, or any city of the second class; and

(b) Pays a minimum qualifying wage of eight dollars and twenty-five cents per hour to the new equivalent employees for which tax credits are sought under the Nebraska Advantage Rural Development Act. The Department of Revenue shall adjust the minimum qualifying wages required for applications filed after January 1, 2004, and each January 1 thereafter, as follows: The current rural Nebraska average weekly wage shall be divided by the rural Nebraska average weekly wage for 2003; and the result shall be multiplied by the eight dollars and twenty-five cents minimum qualifying wage for 2003 and rounded to the nearest one cent. The amount of increase or decrease in the minimum qualifying wages for any year shall be the cumulative change in the rural Nebraska average weekly wage since 2003. For purposes of this subsection, rural Nebraska average weekly wage means the most recent average weekly wage paid by all employers in all counties with a population of less than twenty-five thousand inhabitants as reported by October 1 by the Department of Labor.

For purposes of this section, a teleworker working in Nebraska from his or her residence for a taxpayer shall be considered an employee of the taxpayer, and property of the taxpayer provided to the teleworker working in Nebraska from his or her residence shall be considered an investment. Teleworker includes an individual working on a per-item basis and an independent contractor working for the taxpayer so long as the taxpayer withholds Nebraska income tax from wages or other payments made to such teleworker. For purposes of calculating the number of new equivalent employees when the teleworkers are paid on a per-item basis or are independent contractors, the total wages or payments made to all such new employees during the year shall be divided by the qualifying wage as determined in subdivision (b) of this subsection, with the result divided by two thousand eighty hours.

(2) A refundable credit against the taxes imposed by the Nebraska Revenue Act of 1967 shall be allowed to any taxpayer who (a) has an approved application pursuant to the Nebraska Advantage Rural Development Act, (b) is engaged in livestock production, and (c) ~~after January 1, 2007,~~ invests at least fifty thousand dollars for livestock modernization or expansion for applications filed before January 1, 2024, or at least ten thousand dollars for livestock modernization or expansion for applications filed on or after January 1, 2024.

(3) The amount of the credit allowed under subsection (1) of this section shall be three thousand dollars for each new equivalent employee and two thousand seven hundred fifty dollars for each fifty thousand dollars of increased investment. For applications filed before January 1, 2016, the amount of the credit allowed under subsection (2) of this section shall be ten percent of the investment, not to exceed a credit of thirty thousand dollars. For applications filed on or after January 1, 2016, and before April 20, 2022, the amount of the credit allowed under subsection (2) of this section shall be ten percent of the investment, not to exceed a credit of one hundred fifty thousand dollars per application. For applications filed on or after April 20, 2022, the amount of the credit allowed under subsection (2) of this section shall be ten percent of the investment, not to exceed a credit of five hundred thousand dollars per application. For each application, a taxpayer engaged in livestock production may qualify for a credit under either subsection (1) or (2) of this section, but cannot qualify for more than one credit per application.

(4) An employee of a qualified employee leasing company shall be considered to be an employee of the client-lessee for purposes of this section if the employee performs services for the client-lessee. A qualified employee leasing company shall provide the Department of Revenue access to the records of employees leased to the client-lessee.

(5) The credit shall not exceed the amounts set out in the application and approved by the Tax Commissioner.

(6)(a) If a taxpayer who receives tax credits creates fewer jobs or less investment than required in the project agreement, the taxpayer shall repay the tax credits as provided in this subsection.

(b) If less than seventy-five percent of the required jobs in the project agreement are created, one hundred percent of the job creation tax credits shall be repaid. If seventy-five percent or more of the required jobs in the project agreement are created, no repayment of the job creation tax credits is necessary.

(c) If less than seventy-five percent of the required investment in the project agreement is created, one hundred percent of the investment tax credits shall be repaid. If seventy-five percent or more of the required investment in the project agreement is created, no repayment of the investment tax credits is necessary.

(7) For taxpayers who submitted applications for benefits under the Nebraska Advantage Rural Development Act before January 1, 2006, subsection (1) of this section, as such subsection existed immediately prior to such date, shall continue to apply to such taxpayers. The changes made by Laws 2005, LB 312, shall not preclude a taxpayer from receiving the tax incentives earned prior to January 1, 2006.

Sec. 76. Section 77-27,223, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-27,223 A county may raise revenue by levying and collecting a license or occupation tax on any person, partnership, limited liability company, corporation, or business engaged in the sale of admissions to recreational, cultural, entertainment, or concert events that are subject to sales tax under sections 77-2701.04 to 77-2713 and sections 62 and 66 of this act that occur outside any incorporated municipality, but within the boundary limits of the

county. The tax shall be uniform in respect to the class upon which it is imposed. The tax shall be based upon a certain percentage of gross receipts from sales in the county of the person, partnership, limited liability company, corporation, or business, and may include sales of other goods and services at such locations and events, not to exceed one and one-half percent. A county may not impose the tax on sales that are within an incorporated city or village. No county shall levy and collect a license or occupation tax under this section unless approved by a majority of those voting on the question at a special, primary, or general election.

Sec. 77. (1) For purposes of this section:

(a) Agricultural producer means an individual or entity whose income is primarily attributable to crop or livestock production in the State of Nebraska;

(b) Department means the Department of Revenue;

(c) Food bank means an organization in this state that:

(i) Is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended; and

(ii) Distributes food in ten or more counties in Nebraska and qualifies for the Emergency Food Assistance Program administered by the United States Department of Agriculture;

(d) Food pantry means an organization in this state that:

(i) Is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended; and

(ii) Distributes emergency food supplies to low-income individuals in this state who would otherwise not have access to such food supplies;

(e) Food rescue means an organization in this state that:

(i) Is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended; and

(ii) Accepts donations of food and delivers such food to food banks or food pantries so that such food may be distributed to low-income individuals in this state;

(f) Grocery store retailer means a retailer located in this state that is primarily engaged in business activities classified as code 445110 under the North American Industry Classification System;

(g) Qualifying agricultural food donation means a donation made by an agricultural producer to a food bank, food pantry, or food rescue of fresh or frozen fruits, vegetables, eggs, dairy products, or meat products grown or produced in the State of Nebraska which meets all applicable quality and labeling standards, along with any other applicable requirements of the food bank, food pantry, or food rescue to which the qualifying agricultural food donation is made; and

(h) Restaurant means a business located in this state that is primarily engaged in business activities classified as code 722511, 722513, 722514, or 722515 under the North American Industry Classification System.

(2) For taxable years beginning or deemed to begin on or after January 1, 2024, under the Internal Revenue Code of 1986, as amended, a credit against the income tax imposed by the Nebraska Revenue Act of 1967 shall be allowed to:

(a) Any grocery store retailer or restaurant that donates food to a food bank, food pantry, or food rescue during the taxable year; and

(b) Any agricultural producer that makes a qualifying agricultural food donation to a food bank, food pantry, or food rescue during the taxable year.

(3) Subject to subsection (7) of this section, the credit provided in this section shall be a nonrefundable credit in an amount equal to fifty percent of the value of the food donations or qualifying agricultural food donations made during the taxable year, not to exceed two thousand five hundred dollars. Any amount of the credit that the taxpayer is prohibited from claiming in a taxable year may be carried forward to any of the three subsequent taxable years.

(4) For purposes of this section, food donated by a grocery store retailer or restaurant shall be valued at its wholesale value. A qualifying agricultural food donation shall be valued at the prevailing market value of the product at the time of donation, plus the direct cost incurred by the agricultural producer for processing the product.

(5) To receive a credit under this section, a taxpayer shall submit an application to the department in a form and manner prescribed by the department. The application shall include the amount of food donated during the taxable year and any other information required by the department.

(6) If the department determines that an application is complete and that the taxpayer qualifies for credits, the department shall approve the application within the limits set forth in this section and shall certify the amount of credits approved to the taxpayer.

(7) The department may approve zero dollars of credits each year. If the amount of credits requested by qualified taxpayers in any year exceeds such limit, the department shall allocate credits proportionally based on the amounts requested so that the limit is not exceeded.

(8) A taxpayer shall claim the credit by attaching the tax credit certification received from the department under subsection (6) of this section to the taxpayer's tax return.

(9) Any amount relating to such food donations or qualifying agricultural food donations that was subtracted from the taxpayer's federal adjusted gross income or federal taxable income must be added back in the determination of Nebraska adjusted gross income or taxable income before the credit provided in this section may be claimed.

(10) No credit granted under this section shall be transferred, sold, or

assigned. No taxpayer shall be eligible to receive a credit under this section if such taxpayer employs persons who are not authorized to work in the United States under federal law. No taxpayer shall be able to claim more than one credit under this section for a single donation.

(11) A food bank, food pantry, or food rescue may accept or reject any food donated under this section for any reason. Any food that is rejected shall not qualify for a credit under this section.

(12) The department may adopt and promulgate rules and regulations to carry out this section.

Sec. 78. Section 77-2902, Reissue Revised Statutes of Nebraska, is amended to read:

77-2902 For purposes of the Nebraska Job Creation and Mainstreet Revitalization Act:

(1) Department means the Department of Revenue;

(2) Eligible expenditure means any cost incurred for the improvement of historically significant real property located in the State of Nebraska, including, but not limited to, qualified rehabilitation expenditures as defined in section 47(c)(2) of the Internal Revenue Code of 1986, as amended, and the related regulations thereunder, if such improvement is in conformance with the standards;

(3) Historically significant real property means a building or an at-grade or above ground structure used for any purpose, except for a single-family detached residence, which, at the time of final approval of the work by the officer pursuant to section 77-2906, is:

(a) Individually listed in the National Register of Historic Places;

(b)(i) Located within a district listed in the National Register of Historic Places; and

(ii) Determined by the officer as being historically significant to such district;

(c)(i) Individually designated pursuant to a landmark ordinance or resolution enacted by a political subdivision of the state, which ordinance or resolution has been approved by the officer; and

(ii) Determined by the officer as being historically significant; or

(d)(i) Located within a district designated pursuant to a preservation ordinance or resolution enacted by a county, city, or village of the state or political body comprised thereof providing for the rehabilitation, preservation, or restoration of historically significant real property, which ordinance or resolution has been approved by the officer; and

(ii) Determined by the officer as contributing to the historical significance or economic viability of such district ~~or to its economic viability;~~

(4) Improvement means a rehabilitation, preservation, or restoration project that contributes to the basis, functionality, or value of the historically significant real property and has a total cost which equals or exceeds five thousand dollars; the following:

~~(a) For historically significant real property that is not located in a city of the metropolitan or primary class, twenty-five thousand dollars; or~~

~~(b) For historically significant real property that is located in a city of the metropolitan or primary class, the greater of (i) twenty-five thousand dollars or (ii) twenty-five percent of the historically significant real property's assessed value;~~

(5) Officer means the State Historic Preservation Officer;

(6) Person means any natural person, political subdivision, limited liability company, partnership, private domestic or private foreign corporation, or domestic or foreign nonprofit corporation certified pursuant to section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

(7) Placed in service means that either (a) a temporary or final certificate of occupancy has been issued for the improvement or (b) the improvement is sufficiently complete to allow for the intended use of the improvement; and

(8) Standards means (a) the Secretary of the Interior's Standards for the Treatment of Historic Properties as promulgated by the United States Department of the Interior or (b) specific standards for the rehabilitation, preservation, and restoration of historically significant real property contained in a duly adopted local preservation ordinance or resolution that has been approved by the officer pursuant to section 77-2903.

Sec. 79. Section 77-2903, Reissue Revised Statutes of Nebraska, is amended to read:

77-2903 For purposes of establishing standards under subdivision (8)(b) of section 77-2902, the officer shall approve a duly adopted local preservation ordinance or resolution if such ordinance or resolution meets the following requirements:

(1) The ordinance or resolution provides for specific standards and requirements regarding building exteriors that reflect the heritage, values, and character of the political subdivision adopting such ordinance or resolution; and

(2) The ordinance or resolution requires that any building to be rehabilitated, preserved, or restored shall have been originally constructed at least fifty years prior to the proposed rehabilitation, preservation, or restoration and the facade of such building shall not have undergone material structural alteration since its original construction, unless the rehabilitation, preservation, or restoration to be performed proposes to restore the facade to substantially its original condition.

Sec. 80. Section 77-2904, Reissue Revised Statutes of Nebraska, is amended to read:

77-2904 (1) Any person incurring eligible expenditures may receive a nonrefundable credit against any income tax imposed by the Nebraska Revenue Act of 1967 or any tax imposed pursuant to sections 44-101 to 44-165, 77-907 to 77-918, or 77-3801 to 77-3807 for the year the historically significant real property is placed in service. ~~The amount of the credit shall be equal to twenty percent of eligible expenditures up to a maximum credit of one million dollars.~~

(2) For historically significant real property located in a county that includes a city of the metropolitan class or a city of the primary class, the credit shall be equal to twenty-five percent of eligible expenditures. For historically significant real property located in any other county, the credit shall be equal to thirty percent of eligible expenditures. In all cases, the maximum credit allocated to any one project shall be two million dollars.

(3) Any taxpayer that claims a tax credit shall not be required to pay any additional retaliatory tax under section 44-150 as a result of claiming such tax credit. Any tax credit claimed under this section shall be considered a payment of tax for purposes of subsection (1) of section 77-2734.03.

(4) ~~(2)~~ To claim the credit authorized under this section, a person must first apply and receive an allocation of credits and application approval under section 77-2905 and then request and receive final approval under section 77-2906.

(5) ~~(3)~~ Interest shall not be allowed on any refund paid under the Nebraska Job Creation and Mainstreet Revitalization Act.

Sec. 81. Section 77-2905, Reissue Revised Statutes of Nebraska, is amended to read:

77-2905 (1) Prior to commencing work on the historically significant real property, a person shall file an application for credits under the Nebraska Job Creation and Mainstreet Revitalization Act containing all required information with the officer on a form prescribed by the officer and shall include an application fee established by the officer pursuant to section 77-2907. ~~The officer shall not accept any application for credits prior to January 1, 2015.~~ The application shall include plans and specifications, an estimate of the cost of the project prepared by a licensed architect, licensed engineer, or licensed contractor, and a request for a specific amount of credits based on such estimate. The officer shall review the application and, within twenty-one days after receiving the application, shall determine whether the information contained therein is complete. The officer shall notify the applicant in writing of the determination within five business days after making the determination. If the officer fails to provide such notification as required, the application shall be deemed complete as of the twenty-first day after the application is received by the officer. If the officer determines the application is complete or if the application is deemed complete pursuant to this section, the officer shall reserve for the benefit of the applicant an allocation of credits in the amount specified in the application and determined by the officer to be reasonable and shall notify the applicant in writing of the amount of the allocation. The allocation does not entitle the applicant to an issuance of credits until the applicant complies with all other requirements of the Nebraska Job Creation and Mainstreet Revitalization Act for the issuance of credits. The date the officer determines the application is complete or the date the application is deemed complete pursuant to this section shall constitute the applicant's priority date for purposes of allocating credits under this section. For complete applications receiving an allocation under this section, the officer shall determine whether the application conforms to the standards, and, if so, the officer shall approve such application or approve such application with conditions. If the application does not conform to the standards, the officer shall deny such application. The officer shall promptly provide the person filing the application and the department with written notice of the officer's determination. If the officer does not provide a written notice of his or her determination within thirty days after the date the application is determined or deemed to be complete pursuant to this section, the application shall be deemed approved. The officer shall notify the department of any applications that are deemed approved pursuant to this section. If the officer denies the application, the credits allocated to the applicant under this subsection shall be added to the annual amount available for allocation under subsection (2) of this section. Any denial of an application by the officer pursuant to this section may be appealed, and the appeal shall be in accordance with the Administrative Procedure Act.

~~(2) For calendar years beginning before January 1, 2017, the total amount of credits that may be allocated by the officer under this section in any calendar year shall be limited to fifteen million dollars. For calendar years beginning before January 1, 2024 on or after January 1, 2017, the total amount of credits that may be allocated by the officer under this section in any calendar year shall be limited to fifteen million dollars, of which four million dollars shall be reserved for applications seeking an allocation of credits of less than one hundred thousand dollars. For calendar years beginning on or after January 1, 2024, the total amount of credits that may be allocated by the officer under this section in any calendar year shall be limited to two million dollars. If the amount of credits allocated in any calendar year is less than the maximum amount of credits available under this section for that year fifteen million dollars, the unused amount shall be carried forward to subsequent years and shall be available for allocation in subsequent years~~

until fully utilized, except as otherwise provided in section 77-2912. If the amount of credits reserved for applications seeking an allocation of credits of less than one hundred thousand dollars is not allocated by April 1 of any calendar year, such unallocated credits for the calendar year shall be available for any application seeking an allocation of credits based upon the applicant's priority date as determined by the officer. The officer shall allocate credits based on priority date, from earliest to latest. If the officer determines that the complete applications for credits in any calendar year exceed the maximum amount of credits available under this section for that year, only those applications with a priority date on or before the date on which the officer makes that determination may receive an allocation in that year, and the officer shall not make additional allocations until sufficient credits are available. If the officer suspends allocations of credits pursuant to this section, applications with priority dates on or before the date of such suspension shall retain their priority dates. Once additional credits are available for allocation, the officer shall once again allocate credits based on priority date, from earliest to latest, even if the priority dates are from a prior calendar year.

~~(3) Prior to December 1 of any year, the holder of an allocation of credits under this section who has not commenced the improvements in his or her approved application shall notify the officer of his or her intent to retain or release the allocation. Any released allocation shall be added to the aggregate amount of credits available for allocation in the following year. Any holder of an allocation who fails to timely notify the officer of such intent shall be deemed to have released the allocation.~~

(3) (4) The holder of an allocation of credits whose application was approved under this section shall start substantial work pursuant to the approved application within twenty-four months after receiving notice of approval of the application or, if no notice of approval is sent by the officer, within twenty-four months after the application is deemed approved pursuant to this section. Failure to comply with this subsection shall result in forfeiture of the allocation of credits received under this section. Any such forfeited allocation shall be added to the aggregate amount of credits available for allocation for the year in which the forfeiture occurred.

(4) (5) Notwithstanding subsection (1) of this section, the person applying for the credit under this section may, at its own risk, incur eligible expenditures up to six months prior to the submission of the application required under subsection (1) of this section if such eligible expenditures are limited to architectural, engineering fees, accounting, and legal fees, and any costs generally related to the protection of the historically significant real property from deterioration.

Sec. 82. Section 77-2910, Reissue Revised Statutes of Nebraska, is amended to read:

77-2910 (1) The Nebraska State Historical Society and the department may each adopt and promulgate rules and regulations to carry out the Nebraska Job Creation and Mainstreet Revitalization Act.

(2) The Nebraska State Historical Society and the department shall annually issue a joint report electronically to the Revenue Committee of the Legislature no later than December 31 of each year, ~~2017~~. The report shall include, but not be limited to, (a) the total number of applications submitted under the Nebraska Job Creation and Mainstreet Revitalization Act, (b) the number of applications approved or conditionally approved, (c) the number of applications outstanding, if any, (d) the number of applications denied and the basis for denial, (e) the total amount of eligible expenditures approved, (f) the total amount of credits issued, claimed, and still available for use, (g) the total amount of fees collected, (h) the name and address location of each historically significant real property identified in each application, whether approved or denied, (i) the total amount of credits transferred, sold, and assigned and a certification of the ownership of the credits, (j) the total amount of credits claimed against each tax type by category, and (k) the total amount of credits recaptured, if any. No information shall be provided in the report that is protected by state or federal confidentiality laws.

Sec. 83. Section 77-2912, Reissue Revised Statutes of Nebraska, is amended to read:

77-2912 There shall be no new applications filed under the Nebraska Job Creation and Mainstreet Revitalization Act after December 31, 2030 ~~2022~~. All applications and all credits pending or approved before such date shall continue in full force and effect, except that no credits shall be allocated under section 77-2905, issued under section 77-2906, or used on any tax return or similar filing after December 31, 2035 ~~2027~~.

Sec. 84. Section 77-3506, Revised Statutes Cumulative Supplement, 2022, is amended to read:

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

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

(a) A veteran who was discharged or otherwise separated with a characterization of honorable or general (under honorable conditions), who is drawing compensation from the United States Department of Veterans Affairs because of one hundred percent service-connected permanent disability, and who is not eligible for total exemption under sections 77-3526 to 77-3528;

~~(b) An ,—an unremarried surviving spouse of such a veteran, described in subdivision (2)(a) of this section or a surviving spouse of such a veteran who remarries after attaining the age of fifty-seven years;~~

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

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

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

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

~~(3) Application for exemption under subdivision (2)(a) of this section shall be required in every subsequent year evenly divisible by five and shall include certification of the status described in subdivision (2)(a) set forth in subsection (2) of this section from the United States Department of Veterans Affairs. Application for exemption under subdivision (2)(b), (c), (d), (e), or (f) of this section shall be required annually and shall include certification of the status described in subdivision (2)(b), (c), (d), (e), or (f) of this section from the United States Department of Veterans Affairs, except that such certification of status shall only be required in every subsequent year evenly divisible by five. Such certification shall not be required in succeeding years if no change in status has occurred, except that the county assessor or the Tax Commissioner may request such certification to verify that no change in status has occurred.~~

Sec. 85. Section 77-3512, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-3512 (1) It shall be the duty of each owner who wants a homestead exemption under section 77-3506, 77-3507, or 77-3508 to file an application therefor with the county assessor of the county in which the homestead is located after February 1 and on or before June 30 of each year. ~~Failure to do so shall constitute a waiver of the exemption for that year, except that:~~

~~(a) (1) The county board of the county in which the homestead is located may, by majority vote, extend the deadline for an applicant to on or before July 20. An extension shall not be granted to an applicant who received an extension in the immediately preceding year;~~

~~(b) (2) An owner may file a late application pursuant to section 77-3514.01 if he or she includes documentation of a medical condition which impaired the owner's ability to file the application in a timely manner; and~~

~~(c) (3) An owner may file a late application pursuant to section 77-3514.01 if he or she includes a copy of the death certificate of a spouse who died during the year for which the exemption is requested; -~~

~~(d) A veteran qualifying for a homestead exemption under subdivision (2)(a) of section 77-3506 shall only be required to file an application in every subsequent year evenly divisible by five; and~~

~~(e) If a veteran who has been granted a homestead exemption under subdivision (2)(a) of section 77-3506 dies during the five-year exemption period, the surviving spouse of such veteran shall continue to receive such exemption for the remainder of the five-year exemption period. After the expiration of the five-year exemption period, the surviving spouse shall be required to file for an exemption under subdivision (2)(b) of section 77-3506 on an annual basis.~~

~~(2) Failure to file an application as required in subsection (1) of this section shall constitute a waiver of the exemption for the year in which the failure occurred.~~

Sec. 86. Section 77-3513, Reissue Revised Statutes of Nebraska, is amended to read:

77-3513 The county assessor shall mail a notice on or before April 1 to claimants who are the owners of a homestead which was granted an exemption under section 77-3506, 77-3507, or 77-3508 and who are required to refile for such exemption in the current preceding year unless the claimant has already filed the application for the current year or the county assessor has reason to believe there has been a change of circumstances so that the claimant no longer qualifies. The notice shall include the claimant's name, the application deadlines for the current year, a list of documents that must be filed with the application, and the county assessor's office address and telephone number.

Sec. 87. Section 77-3522, Reissue Revised Statutes of Nebraska, is amended to read:

77-3522 (1) Any person who makes any false or fraudulent claim for exemption or any false statement or false representation of a material fact in

support of such claim or any person who knowingly assists another in the preparation of any such false or fraudulent claim or enters into any collusion with another by the execution of a fictitious deed or other instrument for the purpose of obtaining unlawful exemption under sections 77-3501 to 77-3529 shall be guilty of a Class II misdemeanor and shall be subject to a forfeiture of any such exemption for a period of two years from the date of conviction. Any person who shall make an oath or affirmation to any false or fraudulent application for homestead exemption knowing the same to be false or fraudulent shall be guilty of a Class I misdemeanor.

(2) In addition to the penalty provided in subsection (1) of this section, if any person (a) files a claim for exemption as provided in section 77-3506, 77-3507, or 77-3508 which is excessive due to misstatements by the owner filing such claim or (b) fails to notify the county assessor of a change in status of a veteran qualifying for a homestead exemption under subdivision (2)(a) of section 77-3506 which affected all or a portion of the exemption period, including a change in rating, the death of the veteran, or a transfer of property not covered by section 77-3514, the claim may be disallowed in full and, if the claim has been allowed, an amount equal to the amount of taxes lawfully due during the applicable exemption period but not paid by reason of such unlawful and improper allowance of homestead exemption shall be due and shall upon entry of the amount thereof on the books of the county treasurer be a lien on such property until paid and a penalty and interest on such total sum as provided by statute on delinquent ad valorem taxes equal to the amount of taxes lawfully due but claimed for exemption shall be assessed. Any amount paid to satisfy a lien imposed pursuant to this subsection shall be paid to the county treasurer in the same manner that other property taxes are paid, and the county treasurer shall remit such amount to the State Treasurer for credit to the General Fund. Any penalty collected pursuant to this subsection shall be retained by the county in which such penalty is assessed.

(3) For any veteran claiming a homestead exemption under subdivision (2) (a) of section 77-3506, the county assessor may revoke such exemption back to the date on which the county assessor has reason to believe that the exemption was improper upon notice to the veteran of the revocation. The veteran may then provide evidence in favor of receiving the exemption to the county assessor, and the county assessor may revise any revocation based on such evidence. Any decision of the county assessor to revoke a homestead exemption under this subsection may be appealed to the county board of equalization within thirty days after the decision. The county board of equalization may reverse or modify the revocation if there is clear and convincing evidence that the veteran qualified for the exemption for a particular period of time.

(4) Any additional taxes or penalties imposed pursuant to this section may be appealed in the same manner as appeals are made under section 77-3519.

Sec. 88. Section 77-4001, Reissue Revised Statutes of Nebraska, is amended to read:

77-4001 Sections 77-4001 to 77-4025 and sections 90 and 91 of this act shall be known and may be cited as the Tobacco Products Tax Act.

Sec. 89. Section 77-4002, Reissue Revised Statutes of Nebraska, is amended to read:

77-4002 For purposes of the Tobacco Products Tax Act, unless the context otherwise requires, the definitions found in sections 77-4003 to 77-4007 and sections 90 and 91 of this act shall be used.

Sec. 90. Consumable material means any liquid solution or other material containing nicotine that is depleted as an electronic nicotine delivery system is used.

Sec. 91. Electronic nicotine delivery system has the same meaning as in section 28-1418.01.

Sec. 92. Section 77-4007, Reissue Revised Statutes of Nebraska, is amended to read:

77-4007 Tobacco products shall mean (1) cigars, (2) cheroots, (3) stogies, (4) periques, (5) granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco, (6) snuff, (7) snuff flour, (8) cavendish, (9) plug and twist tobacco, (10) fine cut and other chewing tobacco, (11) shorts, refuse scraps, clippings, cuttings, and sweepings of tobacco, and (12) other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or otherwise or both for chewing and smoking, and (13) electronic nicotine delivery systems, except that tobacco products shall not mean cigarettes as defined in section 77-2601.

Sec. 93. Section 77-4008, Reissue Revised Statutes of Nebraska, is amended to read:

77-4008 (1)(a) A tax is hereby imposed upon the first owner of tobacco products to be sold in this state.

(b) The tax on snuff shall be forty-four cents per ounce and a proportionate tax at the like rate on all fractional parts of an ounce. Such tax shall be computed based on the net weight as listed by the manufacturer.

(c) The tax on an electronic nicotine delivery system containing three milliliters or less of consumable material shall be five cents per milliliter of consumable material and a proportionate tax at the like rate on all fractional parts of a milliliter.

(d) The tax on an electronic nicotine delivery system containing more than three milliliters of consumable material shall be ten percent of (i) the purchase price of such electronic nicotine delivery system paid by the first owner or (ii) the price at which the first owner who made, manufactured, or fabricated the electronic nicotine delivery system sells the item to others.

(e) For electronic nicotine delivery systems in the possession of retail dealers for which tax has not been paid, the tax under this subsection shall be imposed at the earliest time the retail dealer: (i) Brings or causes to be brought into the state any electronic nicotine delivery system for sale; (ii) makes, manufactures, or fabricates any electronic nicotine delivery system in this state for sale in this state; or (iii) sells any electronic nicotine delivery system to consumers within this state.

(f) ~~(e)~~ The tax on tobacco products other than snuff and electronic nicotine delivery systems shall be twenty percent of (i) the purchase price of such tobacco products paid by the first owner or (ii) the price at which a first owner who made, manufactured, or fabricated the tobacco product sells the items to others.

(g) ~~(d)~~ The tax on tobacco products shall be in addition to all other taxes.

(2) Whenever any person who is licensed under section 77-4009 purchases tobacco products from another person licensed under section 77-4009, the seller shall be liable for the payment of the tax.

(3) Amounts collected pursuant to this section shall be used and distributed pursuant to section 77-4025.

Sec. 94. Section 77-4025, Reissue Revised Statutes of Nebraska, is amended to read:

77-4025 (1) There is hereby created a cash fund in the Department of Revenue to be known as the Tobacco Products Administration Cash Fund. All revenue collected or received by the Tax Commissioner from the license fees and taxes imposed by the Tobacco Products Tax Act shall be remitted to the State Treasurer for credit to the Tobacco Products Administration Cash Fund, except that all such revenue relating to electronic nicotine delivery systems shall be remitted to the State Treasurer for credit to the General Fund.

(2) All costs required for administration of the Tobacco Products Tax Act shall be paid from the Tobacco Products Administration Cash Fund such fund. Credits and refunds allowed under the act shall be paid from the Tobacco Products Administration Cash Fund. Any receipts, after credits and refunds, in excess of the amounts sufficient to cover the costs of administration may be transferred to the General Fund at the direction of the Legislature.

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

Sec. 95. Section 77-5803, Reissue Revised Statutes of Nebraska, is amended to read:

77-5803 (1)(a) Except as provided in subdivision (1)(b) of this section, any business firm which makes expenditures in research and experimental activities as defined in section 174 of the Internal Revenue Code of 1986, as amended, in this state shall be allowed a research tax credit as provided in the Nebraska Advantage Research and Development Act. The credit amount under this subdivision shall equal fifteen percent of the federal credit allowed under section 41 of the Internal Revenue Code of 1986, as amended, or as apportioned to this state under subsection (2) of this section. The credit shall be allowed for the first tax year it is claimed and for each tax year the ~~twenty tax years immediately~~ following.

(b) Any business firm which makes expenditures in research and experimental activities as defined in section 174 of the Internal Revenue Code of 1986, as amended, on the campus of a college or university in this state or at a facility owned by a college or university in this state shall be allowed a research tax credit as provided in the Nebraska Advantage Research and Development Act. The credit amount under this subdivision shall equal thirty-five percent of the federal credit allowed under section 41 of the Internal Revenue Code of 1986, as amended, or as apportioned to this state under subsection (2) of this section. The credit shall be allowed for the first tax year it is claimed and for each tax year the ~~twenty tax years immediately~~ following.

(2) For any business firm doing business both within and without this state, the amount of the ~~federal~~ credit may be determined either by dividing the amount expended in research and experimental activities in this state in any tax year by the total amount expended in research and experimental activities or by apportioning the amount of the credit on the federal income tax return to the state based on the average of the property factor as determined in section 77-2734.12 and the payroll factor as determined in section 77-2734.13.

Sec. 96. Section 77-5806, Reissue Revised Statutes of Nebraska, is amended to read:

77-5806 The Nebraska Advantage Research and Development Act shall be operative for all tax years beginning or deemed to begin on or after January 1, 2006, under the Internal Revenue Code of 1986, as amended. No business firm shall be allowed to first claim the credit for any tax year beginning or deemed to begin after December 31, ~~2022~~ 2033, under the Internal Revenue Code of 1986, as amended.

Sec. 97. Section 77-5808, Reissue Revised Statutes of Nebraska, is amended to read:

77-5808 (1) This subsection shall apply for tax years beginning or deemed to begin on or after January 1, 2009, and before January 1, 2023. The Tax Commissioner shall not approve or grant to any person any tax incentive under the Nebraska Advantage Research and Development Act unless the taxpayer provides evidence satisfactory to the Tax Commissioner that the taxpayer

electronically verified the work eligibility status of all newly hired employees employed in Nebraska. ~~This section does not apply to any credit claimed in a tax year beginning or deemed to begin before January 1, 2009, under the Internal Revenue Code of 1986, as amended.~~

(2) This subsection shall apply for tax years beginning or deemed to begin on or after January 1, 2023. When calculating the research tax credit as provided in the Nebraska Advantage Research and Development Act, the qualified research expenses claimed in computing the federal credit allowed under section 41 of the Internal Revenue Code of 1986, as amended, shall be adjusted to the extent the taxpayer includes, in such qualified research expenses, compensation paid to an employee of such taxpayer hired during or after the first tax year for which the Nebraska Advantage Research and Development Act credit is claimed by such firm and to the extent such compensation is subject to Nebraska income tax. Such compensation, for the tax year in which the credit is being claimed, shall be deducted from the taxpayer's qualified research expenses unless such employee was verified as eligible to work in the United States using the federal E-Verify system within ninety days after the date of hire of such employee or such longer period as may be permitted under the rules of the federal E-Verify system. Such verification may be performed by the taxpayer or by someone on the taxpayer's behalf.

Sec. 98. Section 77-6702, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-6702 For purposes of the Nebraska Property Tax Incentive Act:

(1) Allowable growth percentage means the percentage increase, if any, in the total assessed value of all real property in the state from the prior year to the current year, as determined by the department, except that in no case shall the allowable growth percentage exceed five percent in any one year;

(2) Community college taxes means property taxes levied on real property in this state by a community college area, excluding the following:

(a) Any any property taxes levied for bonded indebtedness;

(b) Any and any property taxes levied as a result of an override of limits on property tax levies approved by voters pursuant to section 77-3444; and

(c) Any property taxes that, as of the time of payment, were delinquent for five years or more;

(3) Department means the Department of Revenue;

(4) Eligible taxpayer means any individual, corporation, partnership, limited liability company, trust, estate, or other entity that pays school district taxes or community college taxes during a taxable year; and

(5) School district taxes means property taxes levied on real property in this state by a school district or multiple-district school system, excluding the following:

(a) Any any property taxes levied for bonded indebtedness;

(b) Any and any property taxes levied as a result of an override of limits on property tax levies approved by voters pursuant to section 77-3444; and -

(c) Any property taxes that, as of the time of payment, were delinquent for five years or more.

Sec. 99. Section 77-6818, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-6818 (1) Qualified location means a location at which the majority of the business activities conducted are within one or more of the following NAICS codes or the following descriptions:

(a) Manufacturing - 31, 32, or 33, including pre-production services;

(b) Testing Laboratories - 541380;

(c) Rail Transportation - 482;

(d) Truck Transportation - 484;

(e) Insurance Carriers - 5241;

(f) Wired Telecommunications Carriers - 517311;

(g) Wireless Telecommunications Carriers (except Satellite) - 517312;

(h) Telemarketing Bureaus and Other Contact Centers - 561422;

(i) Data Processing, Hosting, and Related Services - 518210;

(j) Computer Facilities Management Services - 541513;

(k) Warehousing and Storage - 4931;

(l) The administrative management of the taxpayer's activities, including headquarter facilities relating to such activities, or the administrative management of any of the activities of any business entity or entities in which the taxpayer or a group of its owners hold any direct or indirect ownership interest of at least ten percent, including headquarter facilities relating to such activities;

(m) Logistics Facilities - Portions of NAICS 488210, 488310, and 488490 dealing with independently operated trucking terminals, independently operated railroad and railway terminals, and waterfront terminal and port facility operations;

(n) Services provided on aircraft brought into this state by an individual who is a resident of another state or any other person who has a business location in another state when the aircraft is not to be registered or based in this state and will not remain in this state more than ten days after the service is completed;

(o) The conducting of research, development, or testing, or any combination thereof, for scientific, agricultural, animal husbandry, food product, industrial, or technology purposes;

(p) The production of electricity by using one or more sources of renewable energy to produce electricity for sale. For purposes of this subdivision, sources of renewable energy includes, but is not limited to, wind,

solar, energy storage, geothermal, hydroelectric, biomass, nuclear, and transmutation of elements;

(q) Computer Systems Design and Related Services - 5415;

(r) The performance of financial services. For purposes of this subdivision, financial services includes only financial services provided by any financial institution subject to tax under Chapter 77, article 38, or any person or entity licensed by the Department of Banking and Finance or the federal Securities and Exchange Commission;

(s) Postharvest Crop Activities (except Cotton Ginning) - 115114; ~~or~~

(t) The processing of tangible personal property. For purposes of this subdivision, processing means to subject to a particular method, system, or technique of preparation, handling, or other treatment designed to prepare tangible personal property for market, manufacture, or other commercial use which does not result in the transformation of such property into a substantially different character; ~~or -~~

(u) Waste Treatment and Disposal - 5622.

(2)(a) Qualified location also includes any other business location if at least seventy-five percent of the revenue derived at the location is from sales to customers who are not related persons which are delivered or provided from the qualified location to a location that is not within Nebraska according to the sourcing rules in subsections (2) and (3) of section 77-2734.14. Intermediate sales to related persons are included as sales to customers delivered or provided to a location outside Nebraska if the related person delivers or provides the goods or services to a location outside Nebraska. Even if a location meets the seventy-five percent requirement of this subdivision, such location shall not constitute a qualified location under this subdivision if the majority of the business activities conducted at such location are within any of the following NAICS codes or any combination thereof:

(i) Agriculture, Forestry, Fishing and Hunting - 11, excluding NAICS code 115114;

(ii) Transportation and Warehousing - 48-49;

(iii) Information - 51;

(iv) Utilities - 22;

(v) Mining, Quarrying, and Oil and Gas Extraction - 21;

(vi) Public Administration - 92; or

(vii) Construction - 23.

(b) The director may adopt and promulgate rules and regulations establishing an alternative method in circumstances in which subdivision (2)(a) of this section does not accurately reflect the out-of-state sales taking place at locations within Nebraska for a particular industry.

(3) The determination of the majority of the business activities shall be made based on the number of employees working in the respective business activities. The director may adopt and promulgate rules and regulations establishing an alternative method in circumstances in which other factors provide a better reflection of business activities.

(4) The delineation of the types of business activities which enable a location to constitute a qualified location is based on the state's intention to attract certain types of business activities and to responsibly accomplish the purposes of the ImagiNE Nebraska Act by directing the state's incentive capabilities towards business activities which, due to their national nature, could locate outside of Nebraska and which therefore would, through the use of incentives, be motivated to locate in Nebraska. By listing specific types of business activities in subsection (1) of this section, the state has determined such business activities by their nature meet these objectives. By specifying the national nature of a taxpayer's revenue in subsection (2) of this section, the state has determined that certain other types of business activities can meet these objectives.

Sec. 100. The Department of Transportation Aeronautics Capital Improvement Fund is created. The fund shall consist of money credited to the fund pursuant to section 77-27,132, transfers authorized by the Legislature, and any gifts, grants, bequests, or donations to the fund. The fund shall be administered by the Department of Transportation and shall be used to build, repair, renovate, rehabilitate, restore, modify, or improve any infrastructure at any public-use airport licensed by the Division of Aeronautics of the Department of Transportation. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

Sec. 101. Section 81-1229, Revised Statutes Cumulative Supplement, 2022, is amended to read:

81-1229 (1) The director shall establish a workforce housing grant program to foster and support the development of workforce housing in rural communities.

(2) A nonprofit development organization may apply to the director for approval of a workforce housing grant for a workforce housing investment fund. The application shall be in a form and manner prescribed by the director. Through fiscal year 2026-27, grants shall be awarded by the director on a competitive basis until grant funds are no longer available. Grant maximums shall not exceed one million dollars to any one nonprofit development organization over a two-year period, with the cumulative amount for any single grantee to be determined by the department at the discretion of the director. An applicant shall provide matching funds of at least one-quarter ~~one-half~~ of the amount of workforce housing grant funds awarded. Unallocated workforce housing grant funds held by the department shall be rolled to the next program

year.

(3) Grants shall be awarded based upon:

(a) A demonstrated and ongoing housing need as identified by a recent housing study;

(b) A community or region that has a low unemployment rate and is having difficulty attracting workers and filling employment positions;

(c) A community or region that exhibits a demonstrated commitment to growing its housing stock;

(d) Projects that can reasonably be ready for occupancy in a period of twenty-four months; and

(e) A demonstrated ability to grow and manage a workforce housing investment fund.

(4) A nonprofit development organization shall:

(a) Invest or intend to invest in workforce housing eligible activities;

(b) Use any fees, interest, loan repayments, or other funds it received as a result of the administration of the grant to support qualified activities; and

(c) Have an active board of directors with expertise in development, construction, and finance that meets at least quarterly to approve all qualified investments made by the nonprofit development organization. A nonprofit development organization shall have a formal plan and proven expertise to invest unused workforce housing investment fund balances and shall have an annual review of all financial records conducted by an independent certified public accountant.

Sec. 102. Section 81-12,182, Revised Statutes Cumulative Supplement, 2022, is amended to read:

81-12,182 (1) In order to be eligible to receive the matching funds allowed in the Nebraska Transformational Projects Act, the applicant shall file an application with the director, on a form developed by the director, requesting an agreement.

(2) The application shall:

(a) Identify the project, including the qualified location of such project, and state that the applicant is pursuing a partnership with the federal government pursuant to Title VII, Subtitle C, section 740 of Public Law 116-92 for the project;

(b) State the estimated, projected amount of total new investment at the project, which shall not be less than one billion six hundred million dollars, including the estimated, projected amount of private dollars and matching funds;

(c) Include an independent assessment of the economic impact to Nebraska from the project and its construction, which shall be performed by a professional economist or economics firm which is not in the regular employ of the applicant. The assessment must show, to the reasonable satisfaction of the director, an economic impact to Nebraska of at least two billion seven hundred million dollars during the planning and construction period and at least four billion six hundred million dollars during the ten-year period beginning either when construction is commenced or when the application is approved;

(d) Include approval of the project and of submission of the application by the governing body of the applicant. Approval of the project may be subject to other federal, state, and local government approvals needed to complete the project and subject to obtaining the funding, financing, and donations needed for the project;

(e) State the E-Verify number or numbers that will be used by the applicant for employees at the qualified location as provided by the United States Citizenship and Immigration Services; and

(f) Contain a nonrefundable application fee of twenty-five thousand dollars. The fee shall be remitted to the State Treasurer for credit to the Nebraska Transformational Project Fund.

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

(4) Once satisfied that the application is complete and that the applicant is eligible to receive the matching funds allowed in the Nebraska Transformational Projects Act, the director shall approve the application.

(5) There shall be no new applications filed under this section after December 31, ~~2025~~ 2023. Any complete application filed on or before December 31, ~~2025~~ 2023, shall be considered by the director and approved if the location and applicant qualify for approval. Agreements may be executed with regard to any complete application filed on or before December 31, ~~2025~~ 2023.

Sec. 103. Section 81-12,245, Revised Statutes Cumulative Supplement, 2022, is amended to read:

81-12,245 (1) The Department of Economic Development shall use any funds received from the federal Coronavirus Capital Projects Fund under the federal American Rescue Plan Act of 2021 as follows:

(a) No more than thirty-five million dollars to eligible projects that are located within a congressional district which contains a city of the metropolitan class. Within a city of the metropolitan class, grants shall be given to multipurpose community facilities;

(b) No less than forty million dollars to eligible projects that are located within a congressional district which contains a city of the primary class;

(c) No less than forty million dollars to eligible projects that are located within a congressional district which does not contain a city of the

metropolitan class or a city of the primary class. Grants under this subdivision shall be awarded to eligible projects in cities of the second class and villages; and

(d) No more than five million dollars of such federal funds for the administration by the department of funds received from the federal Coronavirus Capital Projects Fund under the federal American Rescue Plan Act of 2021.

(2) Any funds received from the federal Coronavirus Capital Projects Fund under the federal American Rescue Plan Act of 2021 utilized for eligible broadband infrastructure projects shall be administered in a manner consistent with the Nebraska Broadband Bridge Act, except that the matching funds requirement in section 86-1304 shall not apply to such federal funding for broadband projects.

(3) The department shall, beginning July 1, 2022, through July 15, 2022, allow a qualified public or private entity to apply for a grant using funds received from the federal Coronavirus Capital Projects Fund under the federal American Rescue Plan Act of 2021. The department may open additional grant application periods as needed until all funds are allocated.

(4) Grants under subdivision (1)(a) of this section shall be restricted to eligible projects located within or adjacent to one or more qualified census tracts or economic redevelopment areas as defined in section 81-12,153 in a city of the metropolitan class in qualified census tracts. Priority for grants under subdivision (1)(a) of this section shall be given to a city of the metropolitan class in partnership with a nonprofit organization for eligible projects for the rehabilitation or expansion of existing multipurpose community facilities.

Sec. 104. Section 82-334, Revised Statutes Cumulative Supplement, 2022, is amended to read:

82-334 (1) The Support the Arts Cash Fund is created. The fund shall consist of all money credited to the fund pursuant to section 60-3,252 and all money transferred to the fund pursuant to section 13-3108.

(2) The Nebraska Arts Council shall administer and distribute the Support the Arts Cash Fund. The fund shall be expended by the Nebraska Arts Council (a) to provide aid to communities that designate a focus area of the city or village for arts and cultural development, (b) to provide money for a competitive grant program that awards a grant to any creative district that meets the criteria for the competitive grant, if such program exists, (c) to provide money for the competitive grant program for cities of the first class, cities of the second class, and villages described in section 82-335, and (d) to defray costs directly related to the administration of the fund.

(3) All money transferred to the fund pursuant to section 13-3108 shall be used for the competitive grant program for cities of the first class, cities of the second class, and villages described in section 82-335.

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

Sec. 105. Section 82-335, Revised Statutes Cumulative Supplement, 2022, is amended to read:

82-335 (1) The Nebraska Arts Council shall establish a competitive grant program to award grants to cities of the first class, cities of the second class, and villages as provided in this section. The grants shall be awarded from funds transferred to the Support the Arts Cash Fund pursuant to subdivision (9)(a) of section 13-3108.

(2) A city of the first class, city of the second class, or village is eligible for a grant under this section if:

(a) The city or village has a creative district within its boundaries that has a ten-year plan for integration of the arts intended to catalyze economic and workforce development initiatives in such city or village; and

(b) The city or village is not receiving state assistance under the Sports Arena Facility Financing Assistance Act.

(3) Priority in grant funding shall go to any city of the first class, city of the second class, or village described in subsection (2) of this section whose project includes the partnership of a city or village convention and visitors bureau or county convention and visitors bureau.

(4) Grants under this section may fund capital assets, video projection mapping, and intangible video or audio artistic expression presentations. Grants shall not fund ongoing operational and personnel expenses of a political subdivision or nonprofit corporation, live performances, promotional or marketing efforts of the creative district, legal expenses, lobbying expenses, planning expenses, architectural expenses, or engineering expenses.

(5) Any assets acquired using grant funds shall be owned by the city of the first class, city of the second class, or village receiving such grant.

(6) Any grant awarded under this section shall be in an amount determined by the Nebraska Arts Council, which shall not be less than one must be at least equal to one million five hundred thousand dollars.

(7) For purposes of this section, creative district means a creative district established pursuant to subdivision (5) of section 82-312.

Sec. 106. Section 85-1802, Revised Statutes Cumulative Supplement, 2022, is amended to read:

85-1802 For purposes of sections 85-1801 to 85-1817:

(1) Administrative fund means the College Savings Plan Administrative Fund created in section 85-1807;

(2) Beneficiary means the individual designated by a participation agreement to benefit from advance payments of qualified higher education

expenses on behalf of the beneficiary;

(3) Benefits means the payment of qualified higher education expenses on behalf of a beneficiary or, in the case of a qualified education loan payment, on behalf of a beneficiary or the sibling of a beneficiary by the Nebraska educational savings plan trust;

(4) Eligible educational institution means an institution described in 20 U.S.C. 1088 which is eligible to participate in a program under Title IV of the federal Higher Education Act of 1965;

(5) Expense fund means the College Savings Plan Expense Fund created in section 85-1807;

(6) Nebraska educational savings plan trust means the trust created in section 85-1804;

(7) Nonqualified withdrawal refers to (a) a distribution from an account to the extent it is not used to pay the qualified higher education expenses of the beneficiary or, in the case of a qualified education loan payment, to the extent it is not used to pay the qualified higher education expenses of the beneficiary or a sibling of the beneficiary or to the extent it does not constitute a rollover to a Roth individual retirement account as permitted by section 529 of the Internal Revenue Code, (b) a qualified rollover permitted by section 529 of the Internal Revenue Code where the funds are transferred to a qualified tuition program sponsored by another state or entity, or (c) a distribution from an account to pay the costs of attending kindergarten through grade twelve;

(8) Participant or account owner means an individual, an individual's legal representative, or any other legal entity authorized to establish a savings account under section 529 of the Internal Revenue Code who has entered into a participation agreement for the advance payment of qualified higher education expenses on behalf of a beneficiary. For purposes of section 77-2716, as to contributions by a custodian to a custodial account established pursuant to the Nebraska Uniform Transfers to Minors Act or similar law in another state, which account has been established under a participation agreement, participant includes the parent or guardian of a minor, which parent or guardian is also the custodian of the account;

(9) Participation agreement means an agreement between a participant and the Nebraska educational savings plan trust entered into under sections 85-1801 to 85-1817;

(10) Program fund means the College Savings Plan Program Fund created in section 85-1807;

(11) Qualified education loan payment means the payment of principal or interest on a qualified education loan as defined in 26 U.S.C. 221(d), as such section existed on January 1, 2022, of the beneficiary or a sibling of the beneficiary as described in 26 U.S.C. 152(d)(2)(B), as such section existed on January 1, 2022. For purposes of this subdivision, the aggregate total of qualified education loan payments for the qualified education loans of a single beneficiary or sibling shall not exceed ten thousand dollars for all taxable years combined. The aggregate total for qualified education loan payments for the qualified education loans of a sibling of a beneficiary shall be calculated with respect to such sibling and not with respect to the beneficiary and shall include all qualified education loan payments for loans of such sibling, including any qualified education loan payments for which such sibling is the beneficiary or the sibling of a beneficiary;

(12) Qualified higher education expenses means the certified costs of tuition and fees, books, supplies, and equipment required (a) for enrollment or attendance at an eligible educational institution or (b) for costs incurred on or after January 1, 2021, for participation in an apprenticeship program registered and certified with the United States Secretary of Labor under 29 U.S.C. 50, as such section existed on January 1, 2021. Reasonable room and board expenses, based on the minimum amount applicable for the eligible educational institution during the period of enrollment, shall be included as qualified higher education expenses for those students enrolled on at least a half-time basis. In the case of a special needs beneficiary, expenses for special needs services incurred in connection with enrollment or attendance at an eligible educational institution shall be included as qualified higher education expenses. Expenses paid or incurred on or after January 1, 2022, for the purchase of computer technology or equipment or Internet access and related services, subject to the limitations set forth in section 529 of the Internal Revenue Code, shall be included as qualified higher education expenses. Qualified higher education expenses includes qualified education loan payments. Qualified higher education expenses does not include any amounts in excess of those allowed by section 529 of the Internal Revenue Code;

(13) Section 529 of the Internal Revenue Code means such section of the code and the regulations interpreting such section; and

(14) Tuition and fees means the quarter or semester charges imposed to attend an eligible educational institution.

Sec. 107. Section 85-2601, Revised Statutes Cumulative Supplement, 2022, is amended to read:

85-2601 Sections 85-2601 to 85-2604 and sections 110, 112, and 113 of this act shall be known and may be cited as the First Responder Recruitment and Retention Law Enforcement Education Act.

Sec. 108. Section 85-2602, Revised Statutes Cumulative Supplement, 2022, is amended to read:

85-2602 For purposes of the First Responder Recruitment and Retention Law Enforcement Education Act:

(1) Associate degree program means a degree program at a community college, state college, or state university which typically requires completion of an organized program of study of at least sixty semester credit hours or an equivalent that can be shown to accomplish the same goal. Associate degree program does not include a baccalaureate degree program;

(2) Baccalaureate degree program means a degree program at a community college, state college, or state university which typically requires completion of an organized program of study of at least one hundred twenty semester credit hours or an equivalent that can be shown to accomplish the same goal;

(3) Community college means a public postsecondary educational institution which is part of the community college system and includes all branches and campuses of such institution located within the State of Nebraska;

(4) Law enforcement officer means any person who is responsible for the prevention or detection of crime or the enforcement of the penal, traffic, or highway laws of the State of Nebraska or any political subdivision of the state for more than one hundred hours per year and who is authorized by law to make arrests;

(5) Law enforcement agency means a police department in a municipality, a sheriff's office, and the Nebraska State Patrol;

(6) Professional firefighter means a firefighter or firefighter-paramedic who is a member of a paid fire department of a municipality or a rural or suburban fire protection district in this state, including a municipality having a home rule charter or a municipal authority created pursuant to a home rule charter that has its own paid fire department, and for whom firefighting is a full-time career;

(7) ~~(6)~~ State college means a public postsecondary educational institution which is part of the Nebraska state college system and includes all branches and campuses of such institution located within the State of Nebraska;

(8) ~~(7)~~ State university means a public postsecondary educational institution which is part of the University of Nebraska and includes all branches and campuses of such institution located within the State of Nebraska; and

(9) ~~(8)~~ Tuition means the charges and cost of tuition as set by the governing body of a state university, state college, or community college.

Sec. 109. Section 85-2603, Revised Statutes Cumulative Supplement, 2022, is amended to read:

85-2603 (1) A law enforcement officer shall be entitled to a waiver of one hundred percent of the resident tuition charges of any state university, state college, or community college if the officer:

(a) Maintains satisfactory performance with his or her law enforcement agency;

(b) Meets all admission requirements of the state university, state college, or community college; ~~and~~

(c) Pursues studies leading to a degree that relates to a career in law enforcement from an associate degree program or a baccalaureate degree program; and -

(d) For an officer applying for a waiver after the operative date of this section, files with the Department of Revenue documentation showing proof of employment as a law enforcement officer and proof of residence in Nebraska each year such officer or such officer's legal dependent applies for and receives the tuition waiver.

The officer may receive the tuition waiver for up to five years if he or she otherwise continues to be eligible for participation.

(2) Any legal dependent of a law enforcement officer who maintains satisfactory performance with such law enforcement officer's law enforcement agency shall be entitled to a tuition waiver of one hundred percent of the resident tuition charges of any state university, state college, or community college for an associate or baccalaureate degree program if the legal dependent executes an agreement with the state in accordance with section 112 of this act. The legal dependent may receive the tuition waiver for up to five years if the law enforcement officer and the legal dependent continue to be eligible for participation. The five years of tuition waiver eligibility starts once the legal dependent applies for and receives the tuition waiver for the first time and is available to such legal dependent for the next consecutive five years.

(3) ~~(2)~~ The state university, state college, or community college shall waive one hundred percent of the officer's or the legal dependent's tuition remaining due after subtracting awarded federal financial aid grants and state scholarships and grants for an eligible law enforcement officer or legal dependent during the time the officer or legal dependent is enrolled. To remain eligible, the officer or legal dependent must comply with all requirements of the institution for continued attendance and award of an associate degree or a baccalaureate degree.

(4) ~~(3)~~ An application for the tuition waiver shall include a verification of the law enforcement officer's satisfactory performance as a law enforcement officer. It shall be the responsibility of the officer to obtain a certificate of verification from his or her superior officer in such officer's law enforcement agency attesting to such officer's satisfactory performance. The officer shall include the certificate of verification when the officer or the officer's legal dependent is applying to the state university, state college, or community college in order to obtain tuition waiver upon initial enrollment.

(5) ~~(4)~~ Within forty-five days after receipt of a completed application, the state university, state college, or community college shall send written notice of the law enforcement officer's or legal dependent's eligibility or

ineligibility for the tuition waiver. If the officer or legal dependent is determined not to be eligible for the tuition waiver, the notice shall include the reason or reasons for such determination and an indication that an appeal of the determination may be made pursuant to the Administrative Procedure Act.

Sec. 110. (1)(a) A professional firefighter shall be entitled to a waiver of one hundred percent of the resident tuition charges of any state university, state college, or community college if the professional firefighter:

(i) Maintains satisfactory performance with such firefighter's fire department;

(ii) Meets all admission requirements of the state university, state college, or community college;

(iii) Pursues studies leading to a degree in science or medicine that relates to a career in professional firefighting from an associate degree program or a baccalaureate degree program; and

(iv) Files with the Department of Revenue documentation showing proof of employment as a professional firefighter and proof of residence in Nebraska each year such professional firefighter or such professional firefighter's legal dependent applies for and receives the tuition waiver.

(b) The professional firefighter may receive the tuition waiver for up to five years if such professional firefighter otherwise continues to be eligible for participation.

(2) Any legal dependent of a professional firefighter who maintains satisfactory performance with such professional firefighter's fire department shall be entitled to a tuition waiver of one hundred percent of the resident tuition charges of any state university, state college, or community college for an associate or baccalaureate degree program if the legal dependent executes an agreement with the state in accordance with section 112 of this act. The legal dependent may receive the tuition waiver for up to five years if the professional firefighter and the legal dependent continue to be eligible for participation. The five years of tuition waiver eligibility starts once the legal dependent applies for and receives the tuition waiver for the first time and is available to such legal dependent for the next consecutive five years.

(3) The state university, state college, or community college shall waive one hundred percent of the professional firefighter's or the legal dependent's tuition remaining due after subtracting awarded federal financial aid grants and state scholarships and grants for an eligible professional firefighter or legal dependent during the time the professional firefighter or legal dependent is enrolled. To remain eligible, the professional firefighter or legal dependent must comply with all requirements of the institution for continued attendance and award of an associate degree or baccalaureate degree.

(4) An application for the tuition waiver shall include a verification of the professional firefighter's satisfactory performance as a professional firefighter. It shall be the responsibility of the professional firefighter to obtain a certificate of verification from the fire chief of such professional firefighter's fire department attesting to such professional firefighter's satisfactory performance. The professional firefighter shall include the certificate or verification when the professional firefighter or the professional firefighter's legal dependent is applying to the state university, state college, or community college in order to obtain tuition waiver upon initial enrollment.

(5) Within forty-five days after receipt of a completed application, the state university, state college, or community college shall send written notice of the professional firefighter's or legal dependent's eligibility or ineligibility for the tuition waiver. If the professional firefighter or legal dependent is determined not to be eligible for the tuition waiver, the notice shall include the reason or reasons for such determination and an indication that an appeal of the determination may be made pursuant to the Administrative Procedure Act.

Sec. 111. Section 85-2604, Revised Statutes Cumulative Supplement, 2022, is amended to read:

85-2604 Each state university, state college, or community college shall adopt and promulgate the procedures, rules, and regulations necessary to carry out the First Responder Recruitment and Retention Law Enforcement Education Act.

Sec. 112. (1) Each legal dependent who is a tuition waiver recipient under the First Responder Recruitment and Retention Act shall execute an agreement with the state. Such agreement shall be exempt from the requirements of sections 73-501 to 73-510 and shall include the following terms, as appropriate:

(a) The tuition waiver recipient agrees to reside within the State of Nebraska for a period of five years following the use of the tuition waiver;

(b) Each year during the five-year period following use of the tuition waiver the tuition waiver recipient agrees to file a tax return with the Department of Revenue to document that such recipient still resides in the State of Nebraska;

(c) If the tuition waiver recipient fails to annually file a tax return to prove residency in the State of Nebraska for the five-year period following the use of the tuition waiver or fails to remain a resident of Nebraska for the five-year period following the use of the tuition waiver, the tuition waiver recipient agrees to repay the community college, state college, or state university that such tuition waiver recipient attended the amount of tuition that was waived for such individual if the community college, state college, or state university requests such payment on the dates and in the amounts

requested; and

(d) Any residency, filing, or payment obligation incurred by the tuition waiver recipient under the First Responder Recruitment and Retention Act is canceled in the event of the tuition recipient's total and permanent disability or death.

(2) The five-year residency requirement begins to run after use of the first tuition waiver and:

(a) Completion of the five-year tuition waiver eligibility;

(b) Completion of an undergraduate degree at a state college or state university;

(c) Completion of a two-year degree at a community college and notification by the tuition waiver recipient to the Department of Revenue that such recipient does not intend to pursue an undergraduate degree or additional two-year degree using tuition waivers pursuant to the First Responder Recruitment and Retention Act; or

(d) Notification by the tuition waiver recipient to the Department of Revenue that such recipient does not plan to use additional tuition waivers pursuant to the First Responder Recruitment and Retention Act.

Sec. 113. The Department of Revenue shall administer and enforce the First Responder Recruitment and Retention Act and may adopt and promulgate rules and regulations to carry out the First Responder Recruitment and Retention Act.

Sec. 114. Section 24, Legislative Bill 243, One Hundred Eighth Legislature, First Session, 2023, is amended to read:

Sec. 24. Sections 14, 15, 16, and 26 of this act become operative on July 1, 2023. Sections ~~1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 28~~ of this act become operative on January 1, 2024. Sections 11, 12, 13, 17, 18, 19, 20, 21, 22, 23, and 27 of this act become operative three calendar months after the adjournment of this legislative session. The other sections of this act become operative on their effective date.

Sec. 115. Sections 64 and 118 of this act become operative on July 1, 2023. Sections 63, 65, and 120 of this act become operative on October 1, 2023. Sections 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, and 121 of this act become operative on January 1, 2024. Sections 1, 2, 3, 4, 5, 6, 7, 8, 48, 51, 52, 53, 54, 55, 56, 69, 70, 71, 72, 74, 75, 77, 78, 79, 80, 81, 82, 83, 95, 96, 97, 98, 102, 106, 107, 108, 109, 110, 111, 112, 113, and 119 of this act become operative three calendar months after the adjournment of this legislative session. The other sections of this act become operative on their effective date.

Sec. 116. If any section in this act or any part of any section is declared invalid or unconstitutional, the declaration shall not affect the validity or constitutionality of the remaining portions.

Sec. 117. Original sections 13-2602, 13-2603, 13-2604, 13-2605, 13-2609, 13-2610, 13-2611, 13-2612, 13-2706, 13-3102, 13-3103, 13-3104, 13-3108, 39-2205, 39-2209, 39-2211, 39-2212, 39-2213, 39-2216, 39-2222, 39-2223, 39-2703, 39-2704, 66-4,100, and 77-2701.02, Reissue Revised Statutes of Nebraska, sections 39-2215, 39-2224, 77-1344, 77-1347, 77-1631, 77-1633, 77-2015, 77-2701, 77-2701.04, 77-2701.41, 77-2711, 77-2713, 77-27,132, 77-27,223, 77-6818, 81-1229, 81-12,245, 82-334, and 82-335, Revised Statutes Cumulative Supplement, 2022, and section 24, Legislative Bill 243, One Hundred Eighth Legislature, First Session, 2023, are repealed.

Sec. 118. Original section 77-2704.15, Revised Statutes Cumulative Supplement, 2022, is repealed.

Sec. 119. Original sections 77-1701, 77-1818, 77-1824, 77-1838, 77-2902, 77-2903, 77-2904, 77-2905, 77-2910, 77-2912, 77-5803, 77-5806, and 77-5808, Reissue Revised Statutes of Nebraska, and sections 77-1403, 77-1802, 77-1837, 77-2715.07, 77-2716, 77-2717, 77-2734.03, 77-27,187.02, 77-27,188, 77-6702, 81-12,182, 85-1802, 85-2601, 85-2602, 85-2603, and 85-2604, Revised Statutes Cumulative Supplement, 2022, are repealed.

Sec. 120. Original sections 77-2704.12 and 77-2704.36, Revised Statutes Cumulative Supplement, 2022, are repealed.

Sec. 121. Original sections 77-3513, 77-3522, 77-4001, 77-4002, 77-4007, 77-4008, and 77-4025, Reissue Revised Statutes of Nebraska, and sections 77-3506 and 77-3512, Revised Statutes Cumulative Supplement, 2022, are repealed.

Sec. 122. Since an emergency exists, this act takes effect when passed and approved according to law.