

AMENDMENTS TO LB647

Introduced by Revenue.

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

3 **Section 1.** Sections 1 to 6 of this act shall be known and may be
4 cited as the Recreational Trail Easement Property Tax Exemption Act.

5 **Sec. 2.** The Legislature finds and declares that the purpose of the
6 Recreational Trail Easement Property Tax Exemption Act is to serve a
7 public purpose by:

8 (1) Promoting public health and wellness through access to
9 recreational trails;

10 (2) Encouraging economic development and tourism by expanding
11 regional and state trail systems;

12 (3) Supporting environmental conservation by protecting and
13 maintaining open spaces for recreational use; and

14 (4) Enhancing connectivity between communities, cultural landmarks,
15 and natural resources to provide equitable access for all Nebraskans.

16 **Sec. 3.** For purposes of the Recreational Trail Easement Property
17 Tax Exemption Act:

18 (1) Eligible holder means:

19 (a) A municipality, county, agency, or a land trust accredited by
20 the Land Trust Alliance authorized to hold recreational trail easements
21 within the State of Nebraska; or

22 (b) A nonprofit organization with a mission explicitly aligned with
23 public access, recreational land conservation, and community benefit,
24 authorized to hold recreational trail easements within the State of
25 Nebraska; and

26 (2) Recreational trail easement means a perpetual easement granting
27 public access for recreational use, including, but not limited to,

1 walking, hiking, bicycling, and equestrian activities.

2 Sec. 4. (1) A taxpayer who encumbers their property with a
3 perpetual recreational trail easement is eligible for an annual property
4 tax exemption equal to ten cents for each square foot of the property
5 encumbered by the easement.

6 (2) If the exemption amount exceeds the taxpayer's property tax
7 liability for the taxable year, the excess amount may not be carried
8 forward to subsequent years.

9 Sec. 5. (1) To qualify for the property tax exemption:

10 (a) The easement shall:

11 (i) Be perpetual and recorded with the appropriate county register
12 of deeds;

13 (ii) Provide public access and connect to existing or planned
14 regional trails or significant local attractions, such as parks,
15 waterways, cultural sites, or residential areas; and

16 (iii) Be held by an eligible holder, including nonprofit
17 organizations that demonstrate:

18 (A) A primary mission of promoting public access, health, and
19 wellness through recreational land use;

20 (B) A commitment to environmental conservation and land stewardship;
21 and

22 (C) Capacity to oversee and manage trail easements independently or
23 through partnerships with accredited entities, ensuring compliance with
24 public access goals; and

25 (b) A taxpayer shall submit an application on forms prescribed by
26 the Tax Commissioner to the county assessor on or before December 31 of
27 the year in which the exemption will begin. Such application shall
28 include:

29 (i) Proof of the recorded easement; and

30 (ii) Certification from the eligible holder confirming compliance
31 with public access and connectivity requirements.

1 (2) Within thirty days after receiving the application, the county
2 assessor shall approve or deny the application.

3 **Sec. 6.** The Department of Revenue shall adopt and promulgate rules
4 and regulations necessary to carry out the Recreational Trail Easement
5 Property Tax Exemption Act. Such rules and regulations shall include:

6 (1) Clear guidelines for nonprofit organizations to demonstrate
7 their eligibility as holders of recreational trail easements, ensuring
8 alignment with public access and conservation goals;

9 (2) Procedures for certifying the public benefit of qualifying
10 easements, including requirements for connectivity to existing or planned
11 trail systems; and

12 (3) Methods for ensuring compliance with the public purpose outlined
13 in the act.

14 **Sec. 7.** Sections 7 to 9 of this act shall be known and may be cited
15 as the Adoption Tax Credit Act.

16 **Sec. 8.** (1) For taxable years beginning or deemed to begin on or
17 after January 1, 2026, under the Internal Revenue Code of 1986, as
18 amended, there shall be allowed a credit against the income tax imposed
19 by the Nebraska Revenue Act of 1967 for any taxpayer that is eligible for
20 the federal adoption expenses tax credit provided in 26 U.S.C. 23.

21 (2) The credit shall be a refundable credit equal to ten percent of
22 the federal tax credit allowed to the taxpayer under 26 U.S.C. 23 in the
23 same taxable year.

24 **Sec. 9.** The Department of Revenue may adopt and promulgate rules
25 and regulations to carry out the Adoption Tax Credit Act.

26 **Sec. 10.** Section 13-518, Revised Statutes Cumulative Supplement,
27 2024, is amended to read:

28 13-518 For purposes of sections 13-518 to 13-522:

29 (1) Allowable growth means (a) for governmental units other than
30 community colleges, the percentage increase in taxable valuation in
31 excess of the base limitation established under section 77-3446, if any,

1 due to (i) improvements to real property as a result of new construction
2 and 7 additions to existing buildings, (ii) any other improvements to
3 real property which increase the value of such property, (iii) and any
4 increase in valuation due to annexation of real property by the
5 governmental unit, (iv) a change in the use of real property, (v) and any
6 increase in personal property valuation over the prior year, and (vi) the
7 accumulated excess valuation over the redevelopment project valuation
8 described in section 18-2147 of the Community Development Law for
9 redevelopment projects within the governmental unit in the year
10 immediately after the division of taxes for such redevelopment project
11 has ended and (b) for community colleges, the percentage increase in
12 excess of the base limitation, if any, in full-time equivalent students
13 from the second year to the first year preceding the year for which the
14 budget is being determined;

15 (2) Capital improvements means (a) acquisition of real property or
16 (b) acquisition, construction, or extension of any improvements on real
17 property;

18 (3) Governing body has the same meaning as in section 13-503, except
19 that for fiscal years beginning on or after July 1, 2025, such term shall
20 not include the governing body of any county, city, or village;

21 (4) Governmental unit means every political subdivision which has
22 authority to levy a property tax or authority to request levy authority
23 under section 77-3443, except that such term shall not include (a)
24 sanitary and improvement districts which have been in existence for five
25 years or less, (b) school districts, or (c) for fiscal years beginning on
26 or after July 1, 2025, counties, cities, or villages;

27 (5) Qualified sinking fund means a fund or funds maintained
28 separately from the general fund to pay for acquisition or replacement of
29 tangible personal property with a useful life of five years or more which
30 is to be undertaken in the future but is to be paid for in part or in
31 total in advance using periodic payments into the fund. The term includes

1 sinking funds under subdivision (13) of section 35-508 for firefighting
2 and rescue equipment or apparatus;

3 (6) Restricted funds means (a) property tax, excluding any amounts
4 refunded to taxpayers, (b) payments in lieu of property taxes, (c) local
5 option sales taxes, (d) motor vehicle taxes, (e) state aid, (f) transfers
6 of surpluses from any user fee, permit fee, or regulatory fee if the fee
7 surplus is transferred to fund a service or function not directly related
8 to the fee and the costs of the activity funded from the fee, (g) any
9 funds excluded from restricted funds for the prior year because they were
10 budgeted for capital improvements but which were not spent and are not
11 expected to be spent for capital improvements, (h) the tax provided in
12 sections 77-27,223 to 77-27,227 beginning in the second fiscal year in
13 which the county will receive a full year of receipts, and (i) any excess
14 tax collections returned to the county under section 77-1776. Funds
15 received pursuant to the nameplate capacity tax levied under section
16 77-6203 for the first five years after a renewable energy generation
17 facility has been commissioned are nonrestricted funds; and

18 (7) State aid means:

19 (a) For all governmental units, state aid paid pursuant to sections
20 60-3,202 and 77-3523 and reimbursement provided pursuant to section
21 77-1239;

22 (b) For municipalities, state aid to municipalities paid pursuant to
23 sections 39-2501 to 39-2520, 60-3,190, and 77-27,139.04 and insurance
24 premium tax paid to municipalities;

25 (c) For counties, state aid to counties paid pursuant to sections
26 60-3,184 to 60-3,190, insurance premium tax paid to counties, and
27 reimbursements to counties from funds appropriated pursuant to section
28 29-3933;

29 (d) For community colleges, state aid to community colleges paid
30 pursuant to the Community College Aid Act;

31 (e) For educational service units, state aid appropriated under

1 sections 79-1241.01 and 79-1241.03; and

2 (f) For local public health departments as defined in section
3 71-1626, state aid as distributed under section 71-1628.08.

4 **Sec. 11.** Section 13-3402, Revised Statutes Cumulative Supplement,
5 2024, is amended to read:

6 13-3402 For purposes of the Property Tax Growth Limitation Act:

7 (1) Approved bonds means bonds as defined in subdivision (1) of
8 section 10-134 that are approved according to law, excluding any bonds
9 issued to finance a project or projects if the issuance of bonds for such
10 project or projects was the subject of a general obligation bond election
11 held at the most recent regularly scheduled election and was not approved
12 at such election;

13 (2) Auditor means the Auditor of Public Accounts;

14 (3) Emergency means an emergency, as defined in section 81-829.39,
15 for which a state of emergency proclamation or local state of emergency
16 proclamation has been issued under the Emergency Management Act;

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

20 (5) Growth value means the increase in a political subdivision's
21 total property valuation from the prior year to the current year due to
22 (a) improvements to real property as a result of new construction and
23 additions to existing buildings, (b) any other improvements to real
24 property which increase the value of such property, (c) annexation of
25 real property by the political subdivision, (d) a change in the use of
26 real property, (e) any increase in personal property valuation over the
27 prior year, and (f) the accumulated increase in excess valuation over the
28 redevelopment project valuation described in section 18-2147 of the
29 Community Development Law for redevelopment projects within the political
30 subdivision in the year immediately after the division of taxes for such
31 redevelopment project has ended , ~~provided the accumulated excess~~

1 ~~valuation which exists as of July 1, 2025, shall be included in the~~
2 ~~calculation of the increase in excess valuation for the political~~
3 ~~subdivision's first fiscal year beginning on or after July 1, 2025;~~

4 (6) Inflation percentage means the ~~annual~~ percentage change in the
5 State and Local Consumption Expenditures and Gross Investment for the
6 twelve-month period ending on December 31 of the prior year, as reported
7 by March 31 of the current year by the United States Bureau of Economic
8 Analysis for December of the prior calendar year for the preceding
9 twelve-month period;

10 (7) Political subdivision means any county, city, or village;

11 (8) Property tax request means the total amount of property taxes
12 requested to be raised for a political subdivision through the levy
13 imposed pursuant to section 77-1601;

14 (9) Property tax request authority means the amount that may be
15 included in a political subdivision's property tax request as determined
16 pursuant to the Property Tax Growth Limitation Act; and

17 (10) State aid means:

18 (a) For all political subdivisions, state aid paid pursuant to
19 sections 60-3,202 and 77-3523 and reimbursement provided pursuant to
20 section 77-1239;

21 (b) For cities and villages, state aid to cities and villages paid
22 pursuant to sections 39-2501 to 39-2520, 60-3,190, and 77-27,139.04 and
23 insurance premium tax paid to cities and villages; and

24 (c) For counties, state aid to counties paid pursuant to sections
25 60-3,184 to 60-3,190, insurance premium tax paid to counties, and
26 reimbursements to counties from funds appropriated pursuant to section
27 29-3933.

28 **Sec. 12.** Section 13-3403, Revised Statutes Cumulative Supplement,
29 2024, is amended to read:

30 13-3403 (1) Except as otherwise provided in the Property Tax Growth
31 Limitation Act, for fiscal years beginning on or after July 1, 2025, a

1 political subdivision's property tax request for any year shall not
2 exceed its property tax request authority as determined under this
3 section. The preliminary property tax request authority for each
4 political subdivision shall be the amount of property taxes requested and
5 approved by each ~~levied by the county board of equalization pursuant to~~
6 ~~section 77-1601 for such political subdivision~~ and included on the budget
7 document filed with the auditor in the prior fiscal year pursuant to
8 subsection (2) of section 13-506, less the sum of exceptions utilized in
9 the prior year pursuant to subdivisions (1) to (7) of section 13-3404.

10 (2) In addition to the preliminary property tax request authority,
11 the political subdivision's property tax request authority may be
12 increased by ~~the product of~~:

13 (a) The product of (i) the amount of property taxes levied in the
14 prior year increased by the political subdivision's growth percentage,
15 less the sum of exceptions utilized in the prior year pursuant to
16 subdivisions (1) and (2) of section 13-3404, and (ii) the political
17 subdivision's growth percentage; and

18 (b) The product of (i) the amount of property taxes levied in the
19 prior year, less the sum of exceptions utilized in the prior year
20 pursuant to subdivisions (1) and (2) of section 13-3404, and (ii) the
21 greater of zero or the inflation percentage.

22 **Sec. 13.** Section 13-3405, Revised Statutes Cumulative Supplement,
23 2024, is amended to read:

24 13-3405 (1) A political subdivision may increase its property tax
25 request authority over the amount determined under section 13-3403 if
26 such increase is approved by a majority of legal voters voting on the
27 issue at an election described in subsection (2) of this section. Such
28 issue shall be placed on the ballot (a) upon the recommendation of the
29 governing body of such political subdivision or (b) upon the receipt by
30 the county clerk or election commissioner of a petition requesting such
31 issue to be placed on the ballot which is signed by at least five percent

1 of the legal voters of the political subdivision. The recommendation of
2 the governing body or the petition of the legal voters shall include the
3 amount by which the political subdivision would increase its property tax
4 request authority over and above the amount determined under section
5 13-3403.

6 (2) Upon receipt of such recommendation or legal voter petition, the
7 county clerk or election commissioner shall place such issue on the
8 ballot at the next regularly scheduled election or a special election
9 called for such purpose ~~and held on the first Tuesday after the second~~
10 ~~Monday in May of an odd-numbered year.~~ The election shall be held
11 pursuant to the Election Act, and all costs shall be paid by the
12 political subdivision. The issue may be approved on the same question as
13 a vote to exceed the levy limits provided in section 77-3444. If a
14 majority of the votes cast on the issue are in favor of increasing the
15 political subdivision's property tax request authority, the political
16 subdivision shall be empowered to do so.

17 **Sec. 14.** Section 13-3406, Revised Statutes Cumulative Supplement,
18 2024, is amended to read:

19 13-3406 (1) A political subdivision may choose not to increase its
20 total property taxes levied by the full amount of the property tax
21 request authority allowed in a particular year. In such cases, the
22 political subdivision may carry forward to future budget years the amount
23 of unused property tax request authority, but accumulation of unused
24 property tax request authority shall not exceed an aggregate of five
25 percent of the total property tax request authority from the prior year.

26 (2) A political subdivision may choose to convert its accumulated
27 amount of unused restricted funds authority existing on June 30, 2025, as
28 determined in accordance with section 13-521, into unused property tax
29 request authority. The amount converted may then be used by the political
30 subdivision as unused property tax request authority for fiscal years
31 beginning on or after July 1, 2025. The amount converted shall not exceed

1 five percent of the total property taxes levied for the political
2 subdivision in calendar year 2024.

3 **Sec. 15.** Section 14-109, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 14-109 (1)(a) The city council of a city of the metropolitan class
6 shall have power to tax for revenue, license, and regulate any person
7 within the limits of the city by ordinance except as otherwise provided
8 in this section. Such tax may include both a tax for revenue and license.
9 The city council may raise revenue by levying and collecting a tax on any
10 occupation or business within the limits of the city. After March 27,
11 2014, any occupation tax imposed pursuant to this section shall make a
12 reasonable classification of businesses, users of space, or kinds of
13 transactions for purposes of imposing such tax, except that no occupation
14 tax shall be imposed on any transaction which is subject to tax under
15 section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602,
16 or 77-4008 or which is exempt from tax under section 77-2704.24. The
17 ~~occupation tax shall be imposed in the manner provided in section~~
18 ~~18-1208, except that section 18-1208 does not apply to an occupation tax~~
19 ~~subject to section 86-704.~~ All such taxes shall be uniform in respect to
20 the class upon which they are imposed. All scientific and literary
21 lectures and entertainments shall be exempt from taxation, as well as
22 concerts and all other musical entertainments given exclusively by the
23 citizens of the city. It shall be the duty of the city clerk to deliver
24 to the city treasurer a copy of the ordinance levying such tax.

25 (b) For purposes of this subsection, limits of the city does not
26 include the extraterritorial zoning jurisdiction of such city.

27 (2)(a) Except as otherwise provided in subdivision (c) of this
28 subsection, the city council shall also have the power to require any
29 individual whose primary residence or person who owns a place of business
30 which is within the limits of the city and that owns and operates a motor
31 vehicle within such limits to annually register such motor vehicle in

1 such manner as may be provided and to require such person to pay an
2 annual motor vehicle fee therefor and to require the payment of such fee
3 upon the change of ownership of such vehicle. All such fees which may be
4 provided for under this subsection shall be credited to a separate fund
5 of the city, thereby created, to be used exclusively for constructing,
6 repairing, maintaining, or improving streets, roads, alleys, public ways,
7 or parts of such streets, roads, alleys, or ways or for the amortization
8 of bonded indebtedness when created for such purposes.

9 (b) No motor vehicle fee shall be required under this subsection if
10 (i) a vehicle is used or stored but temporarily in such city for a period
11 of six months or less in a twelve-month period, (ii) an individual does
12 not have a primary residence or a person does not own a place of business
13 within the limits of the city and does not own and operate a motor
14 vehicle within the limits of the city, or (iii) an individual is a full-
15 time student attending a postsecondary institution within the limits of
16 the city and the motor vehicle's situs under the Motor Vehicle
17 Certificate of Title Act is different from the place at which he or she
18 is attending such institution.

19 (c) After December 31, 2012, no motor vehicle fee shall be required
20 of any individual whose primary residence is within the extraterritorial
21 zoning jurisdiction of such city or any person who owns a place of
22 business within such jurisdiction.

23 (d) For purposes of this subsection, limits of the city includes the
24 extraterritorial zoning jurisdiction of such city.

25 (3) For purposes of this section, person includes bodies corporate,
26 societies, communities, the public generally, individuals, partnerships,
27 limited liability companies, joint-stock companies, cooperatives, and
28 associations. Person does not include any federal, state, or local
29 government or any political subdivision thereof.

30 **Sec. 16.** Section 15-202, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 15-202 A city of the primary class shall have the power to levy
2 taxes for general revenue purposes on all property within the corporate
3 limits of the city taxable according to the laws of Nebraska and to levy
4 an occupation tax on public service property or corporations in such
5 amounts as may be proper and necessary, in the judgment of the mayor and
6 city council, for purposes of revenue. All such taxes shall be uniform
7 with respect to the class upon which they are imposed. The occupation tax
8 may be based upon a certain percentage of the gross receipts of such
9 public service corporation or upon such other basis as may be determined
10 upon by the mayor and city council. After March 27, 2014, any occupation
11 tax imposed pursuant to this section shall make a reasonable
12 classification of businesses, users of space, or kinds of transactions
13 for purposes of imposing such tax, except that no occupation tax shall be
14 imposed on any transaction which is subject to tax under section 53-160,
15 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602, or 77-4008 or
16 which is exempt from tax under section 77-2704.24. ~~The occupation tax~~
17 ~~shall be imposed in the manner provided in section 18-1208, except that~~
18 ~~section 18-1208 does not apply to an occupation tax subject to section~~
19 ~~86-704.~~

20 **Sec. 17.** Section 15-203, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 15-203 A city of the primary class shall have power to raise revenue
23 by levying and collecting a license or occupation tax on any person,
24 partnership, limited liability company, corporation, or business within
25 the limits of the city and regulate the same by ordinance except as
26 otherwise provided in this section and in section 15-212. After March 27,
27 2014, any occupation tax imposed pursuant to this section shall make a
28 reasonable classification of businesses, users of space, or kinds of
29 transactions for purposes of imposing such tax, except that no occupation
30 tax shall be imposed on any transaction which is subject to tax under
31 section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602,

1 or 77-4008 or which is exempt from tax under section 77-2704.24. The
2 ~~occupation tax shall be imposed in the manner provided in section~~
3 ~~18-1208, except that section 18-1208 does not apply to an occupation tax~~
4 ~~subject to section 86-704.~~ All such taxes shall be uniform in respect to
5 the class upon which they are imposed. All scientific and literary
6 lectures and entertainments shall be exempt from such taxation as well as
7 concerts and all other musical entertainments given exclusively by the
8 citizens of the city.

9 **Sec. 18.** Section 16-205, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 16-205 A city of the first class may raise revenue by levying and
12 collecting a license or occupation tax on any person, partnership,
13 limited liability company, corporation, or business within the limits of
14 the city and may regulate the same by ordinance. After March 27, 2014,
15 any occupation tax imposed pursuant to this section shall make a
16 reasonable classification of businesses, users of space, or kinds of
17 transactions for purposes of imposing such tax, except that no occupation
18 tax shall be imposed on any transaction which is subject to tax under
19 section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602,
20 or 77-4008 or which is exempt from tax under section 77-2704.24. The
21 ~~occupation tax shall be imposed in the manner provided in section~~
22 ~~18-1208, except that section 18-1208 does not apply to an occupation tax~~
23 ~~subject to section 86-704.~~ All such taxes shall be uniform in respect to
24 the class upon which they are imposed. All scientific and literary
25 lectures and entertainments shall be exempt from such taxation as well as
26 concerts and all other musical entertainments given exclusively by the
27 citizens of the city.

28 **Sec. 19.** Section 17-525, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 17-525 Cities of the second class and villages shall have power to
31 raise revenue by levying and collecting a license tax on any occupation

1 or business within the limits of the city or village and regulate such
2 occupation or business by ordinance. After March 27, 2014, any occupation
3 tax imposed pursuant to this section shall make a reasonable
4 classification of businesses, users of space, or kinds of transactions
5 for purposes of imposing such tax, except that no occupation tax shall be
6 imposed on any transaction which is subject to tax under section 53-160,
7 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602, or 77-4008 or
8 which is exempt from tax under section 77-2704.24. ~~The occupation tax~~
9 ~~shall be imposed in the manner provided in section 18-1208, except that~~
10 ~~section 18-1208 does not apply to an occupation tax subject to section~~
11 ~~86-704.~~ All such taxes shall be uniform in respect to the classes upon
12 which they are imposed. All scientific and literary lectures and
13 entertainments shall be exempt from such taxation, as well as concerts
14 and other musical entertainments given exclusively by the citizens of the
15 city or village.

16 **Sec. 20.** Section 18-1208, Revised Statutes Cumulative Supplement,
17 2024, is amended to read:

18 18-1208 ~~(1) Except as otherwise provided in this section, after~~
19 ~~July 19, 2012, a municipality may impose a new occupation tax or increase~~
20 ~~the rate of an existing occupation tax, which new occupation tax or~~
21 ~~increased rate of an existing occupation tax is projected to generate~~
22 ~~annual occupation tax revenue in excess of the applicable amount listed~~
23 ~~in subsection (2) of this section, pursuant to section 14-109, 15-202,~~
24 ~~15-203, 16-205, or 17-525 if the question of whether to impose the tax or~~
25 ~~increase the rate of an existing occupation tax has been submitted at an~~
26 ~~election held within the municipality and in which all registered voters~~
27 ~~shall be entitled to vote on the question. The officials of the~~
28 ~~municipality shall order the submission of the question by submitting a~~
29 ~~certified copy of the resolution proposing the tax or tax rate increase~~
30 ~~to the election commissioner or county clerk at least fifty days before~~
31 ~~the election. The election shall be conducted in accordance with the~~

1 ~~Election Act. If a majority of the votes cast upon the question are in~~
2 ~~favor of the new tax or increased rate of an existing occupation tax,~~
3 ~~then the governing body of such municipality shall be empowered to impose~~
4 ~~the new tax or to impose the increased tax rate. If a majority of those~~
5 ~~voting on the question are opposed to the new tax or increased rate, then~~
6 ~~the governing body of the municipality shall not impose the new tax or~~
7 ~~increased rate but shall maintain any existing occupation tax at its~~
8 ~~current rate.~~

9 ~~(2) The applicable amount of annual revenue for each new occupation~~
10 ~~tax or annual revenue raised by the increased rate for an existing~~
11 ~~occupation tax for purposes of subsection (1) of this section is:~~

12 ~~(a) For cities of the metropolitan class, six million dollars;~~

13 ~~(b) For cities of the primary class, three million dollars;~~

14 ~~(c) For cities of the first class, seven hundred thousand dollars;~~

15 ~~and~~

16 ~~(d) For cities of the second class and villages, three hundred~~
17 ~~thousand dollars.~~

18 ~~(3) After July 19, 2012, a municipality shall not be required to~~
19 ~~submit the following questions to the registered voters:~~

20 ~~(a) Whether to change the rate of an occupation tax imposed for a~~
21 ~~specific project which does not provide for deposit of the tax proceeds~~
22 ~~in the municipality's general fund; or~~

23 ~~(b) Whether to terminate an occupation tax earlier than the~~
24 ~~determinable termination date under the original question submitted to~~
25 ~~the registered voters.~~

26 ~~This subsection applies to occupation taxes imposed prior to, on, or~~
27 ~~after July 19, 2012.~~

28 ~~(4) This section shall not apply to (a) an occupation tax subject to~~
29 ~~section 86-704 or (b) a municipality imposing an occupation tax within~~
30 ~~that portion of a good life district established pursuant to the Good~~
31 ~~Life Transformational Projects Act which is located within the corporate~~

1 ~~limits of such municipality if the good life district applicant has~~
2 ~~approved of the occupation tax. The changes made in this subdivision by~~
3 ~~Laws 2024, LB1317, shall not be construed to invalidate an occupation tax~~
4 ~~imposed prior to April 24, 2024.~~

5 ~~(5)~~ No later than ninety days after the end of the fiscal year, each
6 municipality that imposes a new occupation tax or increases the rate of
7 an existing any occupation tax on or after the operative date of this
8 section ~~as provided under this section~~ shall provide an annual report on
9 the collection and use of such occupation tax. The report shall be posted
10 on the municipality's public website or made available for public
11 inspection at a location designated by the municipality. The report shall
12 include, but not be limited to:

13 (1) ~~(a)~~ A list of all such occupation taxes collected by the
14 municipality;

15 (2) ~~(b)~~ The amount generated annually by each such occupation tax;

16 (3) ~~(c)~~ Whether funds generated by each such occupation tax are
17 deposited in the general fund, cash funds, or other funds of the
18 municipality;

19 (4) ~~(d)~~ Whether any such occupation tax is dedicated for a specific
20 purpose, and if so, the amount dedicated for such purpose; and

21 (5) ~~(e)~~ The scheduled or projected termination date, if any, of each
22 such occupation tax.

23 **Sec. 23.** Section 76-214, Revised Statutes Cumulative Supplement,
24 2024, is amended to read:

25 76-214 (1) Except as provided in subsection (4) of this section,
26 every grantee who has a deed to real estate recorded and every purchaser
27 of real estate who has a memorandum of contract or land contract recorded
28 shall, at the time such deed, memorandum of contract, or land contract is
29 presented for recording, file with the register of deeds a completed
30 statement as prescribed by the Tax Commissioner. For all deeds and all
31 memoranda of contract and land contracts recorded on and after January 1,

1 2001, the statement shall not require the social security number of the
2 grantee or purchaser or the federal employer identification number of the
3 grantee or purchaser. This statement may require the recitation of any
4 information contained in the deed, memorandum of contract, or land
5 contract, the total consideration paid, the amount of the total
6 consideration attributable to factors other than the purchase of the real
7 estate itself, and other factors which may influence the transaction. If
8 a death certificate is recorded as provided in subsection (2) of this
9 section, this statement may require a date of death, the name of the
10 decedent, and whether the title is affected as a result of a transfer on
11 death deed, a joint tenancy deed, or the expiration of a life estate or
12 by any other means. This statement shall ask whether the affidavit
13 described in section 76-2,141 is required with respect to the deed,
14 memorandum of contract, or land contract and, if so, whether such
15 affidavit has been completed. This statement shall be signed and filed by
16 the grantee, the purchaser, or his or her authorized agent. The register
17 of deeds shall forward the statement to the county assessor. If the
18 grantee or purchaser fails to furnish the prescribed statement, the
19 register of deeds shall not record the deed, memorandum of contract, or
20 land contract. The register of deeds shall indicate on the statement the
21 book and page or computer system reference where the deed, memorandum of
22 contract, or land contract is recorded and shall immediately forward the
23 statement to the county assessor. The county assessor shall process the
24 statement according to the instructions of the Property Tax Administrator
25 and shall, pursuant to the rules and regulations of the Tax Commissioner,
26 forward the statement to the Tax Commissioner.

27 (2)(a) The statement described in subsection (1) of this section
28 shall be filed at the time that a certified or authenticated copy of the
29 grantor's death certificate is filed if such death certificate is
30 required to be filed under section 76-2,126 and the conveyance of real
31 estate was pursuant to a transfer on death deed.

1 (b) The statement described in subsection (1) of this section shall
2 not be required to be filed at the time that a transfer on death deed is
3 filed or at the time that an instrument of revocation of a transfer on
4 death deed as described in subdivision (a)(1)(B) of section 76-3413 is
5 filed.

6 (3) Any person shall have access to the statements at the office of
7 the Tax Commissioner, county assessor, or register of deeds if the
8 statements are available and have not been disposed of pursuant to the
9 records retention and disposition schedule as approved by the State
10 Records Administrator.

11 (4) The statement described in subsection (1) of this section shall
12 not be required if the document being recorded is an easement or an oil,
13 gas, or mineral lease, or any subsequent assignment of an easement or
14 such lease, except that such statement shall be required for conservation
15 easements and preservation easements as such terms are defined in section
16 76-2,111 and recreational trail easements used to qualify for the
17 property tax exemption provided by the Recreational Trail Easement
18 Property Tax Exemption Act.

19 **Sec. 24.** Section 77-202, Revised Statutes Cumulative Supplement,
20 2024, is amended to read:

21 77-202 (1) The following property shall be exempt from property
22 taxes:

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

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

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

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

27 (b) Unleased property of the state or its governmental subdivisions
28 which is not being used or developed for use for a public purpose but
29 upon which a payment in lieu of taxes is paid for public safety, rescue,
30 and emergency services and road or street construction or maintenance
31 services to all governmental units providing such services to the

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

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

16 (d)(i) Property owned by educational, religious, charitable, or
17 cemetery organizations, or any organization for the exclusive benefit of
18 any such educational, religious, charitable, or cemetery organization,
19 and used exclusively for educational, religious, charitable, or cemetery
20 purposes, when such property is not (A) owned or used for financial gain
21 or profit to either the owner or user, (B) used for the sale of alcoholic
22 liquors for more than twenty hours per week, or (C) owned or used by an
23 organization which discriminates in membership or employment based on
24 race, color, or national origin.

25 (ii) For purposes of subdivision (1)(d) of this section:

26 (A) Educational organization means (I) an institution operated
27 exclusively for the purpose of offering regular courses with systematic
28 instruction in academic, vocational, or technical subjects or assisting
29 students through services relating to the origination, processing, or
30 guarantying of federally reinsured student loans for higher education,
31 (II) a museum or historical society operated exclusively for the benefit

1 and education of the public, or (III) a nonprofit organization that owns
2 or operates a child care facility; and

3 (B) Charitable organization includes (I) an organization operated
4 exclusively for the purpose of the mental, social, or physical benefit of
5 the public or an indefinite number of persons and (II) a fraternal
6 benefit society organized and licensed under sections 44-1072 to
7 44-10,109.

8 (iii) The property tax exemption authorized in subdivision (1)(d)(i)
9 of this section shall apply to any skilled nursing facility as defined in
10 section 71-429, nursing facility as defined in section 71-424, or
11 assisted-living facility as defined in section 71-5903 that provides
12 housing for medicaid beneficiaries, except that the exemption amount for
13 such property shall be a percentage of the property taxes that would
14 otherwise be due. Such percentage shall be equal to the average
15 percentage of occupied beds in the facility provided to medicaid
16 beneficiaries over the most recent three-year period.

17 (iv) The property tax exemption authorized in subdivision (1)(d)(i)
18 of this section shall apply to a building that (A) is owned by a
19 charitable organization, (B) is made available to students in attendance
20 at an educational institution, and (C) is recognized by such educational
21 institution as approved student housing, except that the exemption shall
22 only apply to the commons area of such building, including any common
23 rooms and cooking and eating facilities; ~~and~~

24 (e) Household goods and personal effects not owned or used for
25 financial gain or profit to either the owner or user; and -

26 (f) A portion of the property owned by a taxpayer as provided in the
27 Recreational Trail Easement Property Tax Exemption Act.

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

31 (3) Tangible personal property which is not depreciable tangible

1 personal property as defined in section 77-119 shall be exempt from
2 property tax.

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

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

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

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

21 (8) Any personal property exempt pursuant to the Nebraska Advantage
22 Act or the Imagine Nebraska Act shall be exempt from the personal
23 property tax.

24 (9) Any depreciable tangible personal property used directly in the
25 generation of electricity using wind as the fuel source shall be exempt
26 from the property tax levied on depreciable tangible personal property.
27 Any depreciable tangible personal property used directly in the
28 generation of electricity using solar, biomass, or landfill gas as the
29 fuel source shall be exempt from the property tax levied on depreciable
30 tangible personal property if such depreciable tangible personal property
31 was installed on or after January 1, 2016, and has a nameplate capacity

1 of one hundred kilowatts or more. Depreciable tangible personal property
2 used directly in the generation of electricity using wind, solar,
3 biomass, or landfill gas as the fuel source includes, but is not limited
4 to, wind turbines, rotors and blades, towers, solar panels, trackers,
5 generating equipment, transmission components, substations, supporting
6 structures or racks, inverters, and other system components such as
7 wiring, control systems, switchgears, and generator step-up transformers.

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

26 (11) For tax years prior to tax year 2020, each person who owns
27 property required to be reported to the county assessor under section
28 77-1201 shall be allowed an exemption amount as provided in the Personal
29 Property Tax Relief Act. For tax years prior to tax year 2020, each
30 person who owns property required to be valued by the state as provided
31 in section 77-601, 77-682, 77-801, or 77-1248 shall be allowed a

1 compensating exemption factor as provided in the Personal Property Tax
2 Relief Act.

3 (12)(a) Broadband equipment shall be exempt from the personal
4 property tax if such broadband equipment is:

5 (i) Deployed in an area funded in whole or in part by funds from the
6 Broadband Equity, Access, and Deployment Program, authorized by the
7 federal Infrastructure Investment and Jobs Act, Public Law 117-58; or

8 (ii) Deployed in a qualified census tract located within the
9 corporate limits of a city of the metropolitan class and being utilized
10 to provide end-users with access to the Internet at speeds of at least
11 one hundred megabits per second for downloading and at least one hundred
12 megabits per second for uploading.

13 (b) An owner of broadband equipment seeking an exemption under this
14 section shall apply for an exemption to the county assessor on or before
15 December 31 of the year preceding the year for which the exemption is to
16 begin. If the broadband equipment meets the criteria described in this
17 subsection, the county assessor shall approve the application within
18 thirty calendar days after receiving the application. The application
19 shall be on forms prescribed by the Tax Commissioner.

20 (c) For purposes of this subsection:

21 (i) Broadband communications service means telecommunications
22 service as defined in section 86-121, video programming as defined in 47
23 U.S.C. 522, as such section existed on January 1, 2024, or Internet
24 access as defined in section 1104 of the federal Internet Tax Freedom
25 Act, Public Law 105-277;

26 (ii) Broadband equipment means machinery or equipment used to
27 provide broadband communications service and includes, but is not limited
28 to, wires, cables, fiber, conduits, antennas, poles, switches, routers,
29 amplifiers, rectifiers, repeaters, receivers, multiplexers, duplexers,
30 transmitters, circuit cards, insulating and protective materials and
31 cases, power equipment, backup power equipment, diagnostic equipment,

1 storage devices, modems, and other general central office or headend
2 equipment, such as channel cards, frames, and cabinets, or equipment used
3 in successor technologies, including items used to monitor, test,
4 maintain, enable, or facilitate qualifying equipment, machinery,
5 software, ancillary components, appurtenances, accessories, or other
6 infrastructure that is used in whole or in part to provide broadband
7 communications service. Machinery or equipment used to produce broadband
8 communications service does not include personal consumer electronics,
9 including, but not limited to, smartphones, computers, and tablets; and

10 (iii) Qualified census tract means a qualified census tract as
11 defined in 26 U.S.C. 42(d)(5)(B)(ii)(I), as such section existed on
12 January 1, 2024.

13 **Sec. 26.** Section 77-1613, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 77-1613 After the levy of taxes has been made and before November
16 20, the county assessor shall transcribe the assessments into a suitable
17 book to be provided at the expense of the county, properly ruled and
18 headed with the distinct columns in which shall be entered the
19 description of the lands, number of acres and value, number of city and
20 village lots and their value, taxable value of taxable personal property,
21 delinquent taxes of previous years, the amount of property tax credits
22 not reimbursed by the state, the amount of taxes due on the day the first
23 installment becomes due, and the amount of delinquent taxes due on the
24 day the second installment thereof becomes due, as provided by law, in
25 the event the taxpayer elects to pay taxes in two equal semiannual
26 installments.

27 **Sec. 27.** Section 77-1631, Revised Statutes Cumulative Supplement,
28 2024, is amended to read:

29 77-1631 For purposes of the Property Tax Request Act:

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

1 percentage;

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

5 ~~(2) (3) Property tax request means the total amount of property~~
6 ~~taxes requested to be raised for a political subdivision through the levy~~
7 ~~imposed pursuant to section 77-1601, excluding the amount to be levied~~
8 ~~for the payment of principal or interest on bonds issued or authorized to~~
9 ~~be issued by a school district;~~

10 ~~(3) (4) Real growth percentage means the percentage obtained by~~
11 ~~dividing (a) the political subdivision's real growth value by (b) the~~
12 ~~political subdivision's total real property valuation from the prior~~
13 ~~year; and~~

14 ~~(5) Real growth value means and includes:~~

15 ~~(4) Real growth value means the (a) The increase in a political~~
16 ~~subdivision's total real property valuation from the prior year to the~~
17 ~~current year due to (a) (i) improvements to real property as a result of~~
18 ~~new construction and additions to existing buildings, (b) (ii) any other~~
19 ~~improvements to real property which increase the value of such property,~~
20 ~~(c) (iii) annexation of real property by the political subdivision, (d)~~
21 ~~and (iv) a change in the use of real property, (e) any increase in~~
22 ~~personal property valuation over the prior year, and (f) the accumulated~~
23 ~~excess valuation over the redevelopment project valuation described in~~
24 ~~section 18-2147 of the Community Development Law for redevelopment~~
25 ~~projects within the political subdivision in the year immediately after~~
26 ~~the division of taxes for such redevelopment project has ended. ; and~~

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

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

31 ~~(7) Tax increment financing project means a redevelopment project as~~

1 ~~defined in section 18-2103 that is financed through the division of taxes~~
2 ~~as provided in section 18-2147.~~

3 **Sec. 28.** Section 77-1701, Revised Statutes Cumulative Supplement,
4 2024, is amended to read:

5 77-1701 (1) The county treasurer shall be ex officio county
6 collector of all taxes levied within the county. The county board shall
7 designate a county official to mail or otherwise deliver a statement of
8 the amount of taxes due and a notice that special assessments are due, to
9 the last-known address of the person, firm, association, or corporation
10 against whom such taxes or special assessments are assessed or to the
11 lending institution or other party responsible for paying such taxes or
12 special assessments. Such statement shall clearly indicate, for each
13 political subdivision, the levy rate and the amount of property taxes due
14 to fund any and all public safety services as defined in section 13-320,
15 county attorneys, and public defenders, regardless of whether such amount
16 is taken as an exception to the political subdivision's property tax
17 request authority under section 13-3404. Such statement shall also
18 clearly indicate, for each political subdivision, the levy rate and the
19 amount of taxes due as the result of principal or interest payments on
20 bonds issued by the political subdivision and shall show such rate and
21 amount separate from any other levy. When taxes on real property are
22 delinquent for a prior year, the county treasurer shall indicate this
23 information on the current year tax statement in bold letters. The
24 information provided shall inform the taxpayer that delinquent taxes and
25 interest are due for the prior year or years and shall indicate the
26 specific year or years for which such taxes and interest remain unpaid.
27 The language shall read "Back Taxes and Interest Due For", followed by
28 numbers to indicate each year for which back taxes and interest are due
29 and a statement indicating that failure to pay the back taxes and
30 interest may result in the loss of the real property. Failure to receive
31 such statement or notice shall not relieve the taxpayer from any

1 liability to pay such taxes or special assessments and any interest or
2 penalties accrued thereon. In any county in which a city of the
3 metropolitan class is located, all statements of taxes shall also include
4 notice that special assessments for cutting weeds, removing litter, and
5 demolishing buildings are due.

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

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

22 **Sec. 29.** Section 77-2715.07, Revised Statutes Cumulative Supplement,
23 2024, is amended to read:

24 77-2715.07 (1) There shall be allowed to qualified resident
25 individuals as a nonrefundable credit against the income tax imposed by
26 the Nebraska Revenue Act of 1967:

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

29 (b) A credit for taxes paid to another state as provided in section
30 77-2730.

31 (2) There shall be allowed to qualified resident individuals against

1 the income tax imposed by the Nebraska Revenue Act of 1967:

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

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

27 (c) A refundable credit as provided in section 77-5209.01 for
28 individuals who qualify for an income tax credit as a qualified beginning
29 farmer or livestock producer under the Beginning Farmer Tax Credit Act
30 for all taxable years beginning or deemed to begin on or after January 1,
31 2006, under the Internal Revenue Code of 1986, as amended;

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

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

15 (3) There shall be allowed to all individuals as a nonrefundable
16 credit against the income tax imposed by the Nebraska Revenue Act of
17 1967:

18 (a) A credit for personal exemptions allowed under section
19 77-2716.01;

20 (b) A credit for contributions to programs or projects certified for
21 tax credit status as provided in the Creating High Impact Economic
22 Futures Act. Each partner, each shareholder of an electing subchapter S
23 corporation, each beneficiary of an estate or trust, or each member of a
24 limited liability company shall report his or her share of the credit in
25 the same manner and proportion as he or she reports the partnership,
26 subchapter S corporation, estate, trust, or limited liability company
27 income;

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

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

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

3 (f) A credit to employers as provided in sections 77-27,238 and
4 77-27,240;

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

6 (h) A credit to grocery store retailers, restaurants, and
7 agricultural producers as provided in section 77-27,241;

8 (i) A credit as provided in the Sustainable Aviation Fuel Tax Credit
9 Act;

10 (j) A credit as provided in the Nebraska Shortline Rail
11 Modernization Act;

12 (k) A credit as provided in the Nebraska Pregnancy Help Act; and

13 (l) A credit as provided in the Caregiver Tax Credit Act.

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

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

18 (b) A credit to all estates and trusts for contributions to programs
19 or projects certified for tax credit status as provided in the Creating
20 High Impact Economic Futures Act; and

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

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

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

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

24 (6) There shall be allowed to all individuals nonrefundable credits
25 against the income tax imposed by the Nebraska Revenue Act of 1967 as
26 provided in section 77-3604 and refundable credits against the income tax
27 imposed by the Nebraska Revenue Act of 1967 as provided in section
28 77-3605.

29 (7)(a) For taxable years beginning or deemed to begin on or after
30 January 1, 2020, and before January 1, 2026, under the Internal Revenue
31 Code of 1986, as amended, a nonrefundable credit against the income tax

1 imposed by the Nebraska Revenue Act of 1967 in the amount of five
2 thousand dollars shall be allowed to any individual who purchases a
3 residence during the taxable year if such residence:

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

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

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

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

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

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

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

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

29 (9)(a) For taxable years beginning or deemed to begin on or after
30 January 1, 2022, under the Internal Revenue Code of 1986, as amended, a
31 refundable credit against the income tax imposed by the Nebraska Revenue

1 Act of 1967 shall be allowed to the parent of a stillborn child if:

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

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

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

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

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

11 (10) There shall be allowed to all individuals refundable credits
12 against the income tax imposed by the Nebraska Revenue Act of 1967 as
13 provided in section 77-7203 and nonrefundable credits against the income
14 tax imposed by the Nebraska Revenue Act of 1967 as provided in section
15 77-7204.

16 (11) There shall be allowed to all individuals refundable credits
17 against the income tax imposed by the Nebraska Revenue Act of 1967 as
18 provided in section 77-3157 and nonrefundable credits against the income
19 tax imposed by the Nebraska Revenue Act of 1967 as provided in sections
20 77-3156, 77-3158, and 77-3159.

21 **Sec. 31.** Section 77-2727, Revised Statutes Cumulative Supplement,
22 2024, is amended to read:

23 77-2727 (1) Except as provided in subsection (6) of this section and
24 subsection (5) of section 77-2775, a partnership as such shall not be
25 subject to the income tax imposed by the Nebraska Revenue Act of 1967.
26 Persons or their authorized representatives carrying on business as
27 partners shall be liable for the income tax imposed by the Nebraska
28 Revenue Act of 1967 only in their separate or individual capacities.

29 (2) The partners of such partnership who are residents of this state
30 or corporations shall include in their incomes their proportionate share
31 of such partnership's income.

1 (3) If any partner of such partnership is a nonresident individual
2 during any part of the partnership's reporting year, he or she shall file
3 a Nebraska income tax return which shall include in Nebraska adjusted
4 gross income that portion of the partnership's Nebraska income, as
5 determined under the provisions of sections 77-2728 and 77-2729,
6 allocable to his or her interest in the partnership and shall execute and
7 forward to the partnership, on or before the original due date of the
8 Nebraska partnership return, an agreement which states that he or she
9 will file a Nebraska income tax return and pay income tax on all income
10 derived from or attributable to sources in this state, and such agreement
11 shall be attached to the partnership's Nebraska return for such reporting
12 year.

13 (4)(a) Except as provided in subdivision (c) of this subsection, in
14 the absence of the nonresident individual partner's executed agreement
15 being attached to the Nebraska partnership return, the partnership shall
16 remit a portion of such partner's income which was derived from or
17 attributable to Nebraska sources with its Nebraska return for the
18 reporting year. For tax years beginning or deemed to begin before January
19 1, 2013, the amount of remittance, in such instance, shall be the highest
20 individual income tax rate determined under section 77-2715.02 multiplied
21 by the nonresident individual partner's share of the partnership income
22 which was derived from or attributable to sources within this state. For
23 tax years beginning or deemed to begin on or after January 1, 2013, the
24 amount of remittance, in such instance, shall be the highest individual
25 income tax rate determined under section 77-2715.03 multiplied by the
26 nonresident individual partner's share of the partnership income which
27 was derived from or attributable to sources within this state.

28 (b) Any amount remitted on behalf of any partner shall be allowed as
29 a credit against the Nebraska income tax liability of the partner.

30 (c) Subdivision (a) of this subsection does not apply to a publicly
31 traded partnership as defined by section 7704(b) of the Internal Revenue

1 Code of 1986, as amended, that is treated as a partnership for the
2 purposes of the code and that has agreed to file an annual information
3 return with the Department of Revenue reporting the name, address,
4 taxpayer identification number, and other information requested by the
5 department of each unit holder with an income in the state in excess of
6 five hundred dollars.

7 (5) The Tax Commissioner may allow a nonresident individual partner
8 to not file a Nebraska income tax return if the nonresident individual
9 partner's only source of Nebraska income was his or her share of the
10 partnership's income which was derived from or attributable to sources
11 within this state, the nonresident did not file an agreement to file a
12 Nebraska income tax return, and the partnership has remitted the amount
13 required by subsection (4) of this section on behalf of such nonresident
14 individual partner. The amount remitted shall be retained in satisfaction
15 of the Nebraska income tax liability of the nonresident individual
16 partner.

17 (6) Notwithstanding any provision of this section to the contrary:

18 (a) For tax years beginning or deemed to begin on or after January
19 1, 2018, a partnership may annually make an irrevocable election to pay
20 the taxes, interest, or penalties levied by the Nebraska Revenue Act of
21 1967 at the entity level for the taxable period covered by such return.
22 For tax years beginning on or after January 1, 2023, such election may be
23 made on the applicable income tax return and shall ~~must~~ be made on or
24 before the due date for filing the applicable income tax return,
25 including any extensions that have been granted;

26 (b) An electing partnership with respect to a taxable period shall
27 pay an income tax equivalent to the highest individual income tax rate
28 provided in section 77-2715.03 multiplied by the electing partnership's
29 net income as apportioned or allocated to this state in accordance with
30 the Nebraska Revenue Act of 1967, for such taxable period;

31 (c) An electing partnership shall be treated as a corporation with

1 respect to the requirements of section 77-2769 for payments of estimated
2 tax. The requirement for payment of estimated tax under section 77-2769
3 shall not apply for tax years beginning prior to January 1, 2024.
4 Payments of estimated tax made by an eligible partnership that does not
5 make an election under this subsection shall be treated as income tax
6 withholding on behalf of the partners;

7 (d) Except as provided in subdivision (e) of this subsection, the
8 partners of an electing partnership shall ~~must~~ file a Nebraska return to
9 report their pro rata or distributive share of the income of the electing
10 partnership in accordance with the Nebraska Revenue Act of 1967, as
11 applicable. In determining the sum of its pro rata or distributive share
12 and computing the tax under this subsection, an electing partnership
13 shall add back any amount of Nebraska income tax imposed under the
14 Nebraska Revenue Act of 1967 and deducted by the electing partnership for
15 federal income tax purposes under section 164 of the Internal Revenue
16 Code;

17 (e) A nonresident individual who is a partner of an electing
18 partnership shall not be required to file a Nebraska tax return for a
19 taxable year if, for such taxable year, the only source of income derived
20 from or connected with sources within this state for such partner, or for
21 the partner and the partner's spouse if a joint federal income tax return
22 is filed, is from one or more electing partnerships or electing small
23 business corporations as defined in subdivision (9)(a) of section
24 77-2734.01 for such taxable year and such nonresident individual
25 partner's tax under the Nebraska Revenue Act of 1967 would be fully
26 satisfied by the credit allowed to such partner under subdivision (g) of
27 this subsection;

28 (f) If the amount calculated under subdivision (a) of this
29 subsection results in a net operating loss, such net operating loss may
30 not be carried forward to succeeding taxable years;

31 (g)(i) A refundable credit shall be available to the partners in an

1 amount equal to their pro rata or distributive share of the Nebraska
2 income tax paid by the electing partnership. For tax returns filed for
3 taxable years beginning or deemed to begin on or after January 1, 2022,
4 such credit shall be allowed for the same taxable year for which the
5 election is made, without regard to the year in which the tax is paid to
6 Nebraska or deducted on a federal income tax return;

7 (ii) In the case of a partnership or small business corporation that
8 is a partner of an electing partnership, the refundable credit under this
9 subdivision (g) shall (A) be allowed to its partners or shareholders in
10 accordance with the determination of income and distributive share of the
11 Nebraska income tax paid by the electing partnership or (B) be applied
12 against the partner's tax, interest, and penalty. Any excess credit
13 deemed an overpayment may be refunded or applied to the subsequent tax
14 year;

15 (iii) If a partnership making the election under this subsection is
16 a partner of another electing partnership, net income shall be computed
17 as provided in subsection (1) of this section. The upper tier electing
18 partnership shall claim a credit for the tax paid by the lower tier
19 electing partnership. The upper tier electing partnership shall
20 distribute out the pro rata or distributive share of the credits to its
21 partners for tax paid under this subsection by all tiers of electing
22 partnerships. As used in this subdivision, the term lower tier electing
23 partnership means an electing partnership in which some or all of the
24 partners are an electing partnership. The term upper tier electing
25 partnership means an electing partnership that is a partner of a lower
26 tier electing partnership. An electing partnership may have two or more
27 tiers; and

28 (h)(i) For tax years beginning or deemed to begin on or after
29 January 1, 2018, but prior to January 1, 2023, the electing partnership
30 shall ~~must~~ make the election under this subsection on or after January 1,
31 2023, but before December 31, 2025, in the form and manner prescribed by

1 the Tax Commissioner for all years for which the election under this
2 subsection is made on behalf of the electing partnership. The Tax
3 Commissioner shall establish the form and manner, which shall not include
4 any changes to the past returns other than those that are directly
5 related to the election under this subsection.

6 (ii) Notwithstanding any other provision of law, if an electing
7 partnership files in the form and manner as specified in subdivision (h)
8 (i) of this subsection, the deadline for filing a claim for credit or
9 refund prescribed in section 77-2793 shall be extended for affected
10 partners of the electing partnership until the timeframe specified in
11 section 77-2793 or January 31, 2026, whichever is later. The resulting
12 claim of refund for tax years beginning prior to January 1, 2023, shall
13 be submitted in the form and manner as prescribed by the Tax
14 Commissioner. Neither the electing partnership nor its partners shall
15 incur any penalties for late filing nor owe interest on such amounts. The
16 Tax Commissioner shall not be required to pay interest on any amounts
17 owed to the partners resulting from such refund claims.

18 (iii) Notwithstanding the dates provided in subdivision (h)(i) of
19 this subsection, the Tax Commissioner shall have one year from the date
20 an electing partnership files in the form and manner as specified in
21 subdivision (h)(i) of this subsection to review and make a written
22 proposed deficiency determination in accordance with section 77-2786. Any
23 notice of deficiency determination made as specified in this subdivision
24 may be enforced at any time within six years from the date of the notice
25 of deficiency determination.

26 (7) For purposes of this section:

27 (a) Electing partnership means, with respect to a taxable period, an
28 eligible partnership that has made an election pursuant to subsection (6)
29 of this section with respect to such taxable period; and

30 (b) Eligible partnership means any partnership as provided for in
31 section 7701(a)(2) of the Internal Revenue Code that has a filing

1 requirement under the Nebraska Revenue Act of 1967 other than a publicly
2 traded partnership as defined in section 7704 of the Internal Revenue
3 Code. An eligible partnership includes any entity, including a limited
4 liability company, treated as a partnership for federal income tax
5 purposes that otherwise meets the requirements of this subdivision.

6 (8) For purposes of this section, any partner that is a grantor
7 trust of a nonresident shall be disregarded and this section shall apply
8 as though the nonresident grantor was the partner.

9 **Sec. 32.** Section 77-2734.01, Revised Statutes Cumulative Supplement,
10 2024, is amended to read:

11 77-2734.01 (1) Residents of Nebraska who are shareholders of a small
12 business corporation having an election in effect under subchapter S of
13 the Internal Revenue Code or who are members of a limited liability
14 company organized pursuant to the Nebraska Uniform Limited Liability
15 Company Act shall include in their Nebraska taxable income, to the extent
16 includable in federal gross income, their proportionate share of such
17 corporation's or limited liability company's federal income adjusted
18 pursuant to this section. Income or loss from such corporation or limited
19 liability company conducting a business, trade, profession, or occupation
20 shall be included in the Nebraska taxable income of a shareholder or
21 member who is a resident of this state to the extent of such
22 shareholder's or member's proportionate share of the net income or loss
23 from the conduct of such business, trade, profession, or occupation
24 within this state, determined under subsection (2) of this section. A
25 resident of Nebraska shall include in Nebraska taxable income fair
26 compensation for services rendered to such corporation or limited
27 liability company. Compensation actually paid shall be presumed to be
28 fair unless it is apparent to the Tax Commissioner that such compensation
29 is materially different from fair value for the services rendered or has
30 been manipulated for tax avoidance purposes.

31 (2) The income of any small business corporation having an election

1 in effect under subchapter S of the Internal Revenue Code or limited
2 liability company organized pursuant to the Nebraska Uniform Limited
3 Liability Company Act that is derived from or connected with Nebraska
4 sources shall be determined in the following manner:

5 (a) If the small business corporation is a member of a unitary
6 group, the small business corporation shall be deemed to be doing
7 business within this state if any part of its income is derived from
8 transactions with other members of the unitary group doing business
9 within this state, and such corporation shall apportion its income by
10 using the apportionment factor determined for the entire unitary group,
11 including the small business corporation, under sections 77-2734.05 to
12 77-2734.15;

13 (b) If the small business corporation or limited liability company
14 is not a member of a unitary group and is subject to tax in another
15 state, it shall apportion its income under sections 77-2734.05 to
16 77-2734.15; and

17 (c) If the small business corporation or limited liability company
18 is not subject to tax in another state, all of its income is derived from
19 or connected with Nebraska sources.

20 (3) Nonresidents of Nebraska who are shareholders of such
21 corporations or members of such limited liability companies shall file a
22 Nebraska income tax return and shall include in Nebraska adjusted gross
23 income their proportionate share of the corporation's or limited
24 liability company's Nebraska income as determined under subsection (2) of
25 this section.

26 (4) The nonresident shareholder or member shall execute and forward
27 to the corporation or limited liability company before the filing of the
28 corporation's or limited liability company's return an agreement which
29 states he or she will file a Nebraska income tax return and pay the tax
30 on the income derived from or connected with sources in this state, and
31 such agreement shall be attached to the corporation's or limited

1 liability company's Nebraska return for such taxable year.

2 (5) For taxable years beginning or deemed to begin before January 1,
3 2013, in the absence of the nonresident shareholder's or member's
4 executed agreement being attached to the Nebraska return, the corporation
5 or limited liability company shall remit with the return an amount equal
6 to the highest individual income tax rate determined under section
7 77-2715.02 multiplied by the nonresident shareholder's or member's share
8 of the corporation's or limited liability company's income which was
9 derived from or attributable to this state. For taxable years beginning
10 or deemed to begin on or after January 1, 2013, in the absence of the
11 nonresident shareholder's or member's executed agreement being attached
12 to the Nebraska return, the corporation or limited liability company
13 shall remit with the return an amount equal to the highest individual
14 income tax rate determined under section 77-2715.03 multiplied by the
15 nonresident shareholder's or member's share of the corporation's or
16 limited liability company's income which was derived from or attributable
17 to this state. The amount remitted shall be allowed as a credit against
18 the Nebraska income tax liability of the shareholder or member.

19 (6) The Tax Commissioner may allow a nonresident individual
20 shareholder or member to not file a Nebraska income tax return if the
21 nonresident individual shareholder's or member's only source of Nebraska
22 income was his or her share of the small business corporation's or
23 limited liability company's income which was derived from or attributable
24 to sources within this state, the nonresident did not file an agreement
25 to file a Nebraska income tax return, and the small business corporation
26 or limited liability company has remitted the amount required by
27 subsection (5) of this section on behalf of such nonresident individual
28 shareholder or member. The amount remitted shall be retained in
29 satisfaction of the Nebraska income tax liability of the nonresident
30 individual shareholder or member.

31 (7) A small business corporation or limited liability company return

1 shall be filed if the small business corporation or limited liability
2 company has income derived from Nebraska sources.

3 (8) Notwithstanding any provision of this section to the contrary:

4 (a) For tax years beginning or deemed to begin on or after January
5 1, 2018, a small business corporation may annually make an irrevocable
6 election to pay the taxes, interest, or penalties levied by the Nebraska
7 Revenue Act of 1967 at the entity level for the taxable period covered by
8 such return. For tax years beginning on or after January 1, 2023, such
9 election may be made on the applicable income tax return and shall ~~must~~
10 be made on or before the due date for filing the applicable income tax
11 return, including any extensions that have been granted;

12 (b) An electing small business corporation with respect to a taxable
13 period shall pay an income tax equivalent to the highest individual
14 income tax rate provided in section 77-2715.03 multiplied by the electing
15 small business corporation's net income as apportioned or allocated to
16 this state in accordance with the Nebraska Revenue Act of 1967, for such
17 taxable period;

18 (c) An electing small business corporation shall be treated as a
19 corporation with respect to the requirements of section 77-2769 for
20 payments of estimated tax. The requirement for payment of estimated tax
21 under section 77-2769 shall not apply for tax years beginning prior to
22 January 1, 2024. Payments of estimated tax made by an eligible small
23 business corporation that does not make an election under this subsection
24 shall be treated as income tax withholding on behalf of the shareholders;

25 (d) Except as provided in subdivision (e) of this subsection, the
26 shareholders of an electing small business corporation shall ~~must~~ file a
27 Nebraska return to report their pro rata or distributive share of the
28 income of the electing small business corporation in accordance with the
29 Nebraska Revenue Act of 1967, as applicable. In determining the sum of
30 its pro rata or distributive share and computing the tax under this
31 subsection, an electing small business corporation shall add back any

1 amount of Nebraska income tax imposed under the Nebraska Revenue Act of
2 1967 and deducted by the electing small business corporation for federal
3 income tax purposes under section 164 of the Internal Revenue Code;

4 (e) A nonresident individual who is a shareholder of an electing
5 small business corporation shall not be required to file a Nebraska tax
6 return for a taxable year if, for such taxable year, the only source of
7 income derived from or connected with sources within this state for such
8 shareholder, or for the shareholder and the shareholder's spouse if a
9 joint federal income tax return is filed, is from one or more electing
10 small business corporations or electing partnerships as defined in
11 subdivision (7)(a) of section 77-2727 for such taxable year and such
12 nonresident individual shareholder's tax under the Nebraska Revenue Act
13 of 1967 would be fully satisfied by the credit allowed to such
14 shareholder under subdivision (g) of this subsection;

15 (f) If the amount calculated under subdivision (a) of this
16 subsection results in a net operating loss, such net operating loss may
17 not be carried forward to succeeding taxable years;

18 (g) A refundable credit shall be available to the shareholders in an
19 amount equal to their pro rata or distributive share of the Nebraska
20 income tax paid by the electing small business corporation. For tax
21 returns filed for taxable years beginning or deemed to begin on or after
22 January 1, 2022, such credit shall be allowed for the same taxable year
23 for which the election is made, without regard to the year in which the
24 tax is paid to Nebraska or deducted on a federal income tax return; and

25 (h)(i) For tax years beginning or deemed to begin on or after
26 January 1, 2018, but prior to January 1, 2023, the electing small
27 business corporation shall ~~must~~ make the election under this subsection
28 on or after January 1, 2023, but before December 31, 2025, in the form
29 and manner prescribed by the Tax Commissioner for all years for which the
30 election under this subsection is made on behalf of the electing small
31 business corporation. The Tax Commissioner shall establish the form and

1 manner, which shall not include any changes to the past returns other
2 than those that are directly related to the election under this
3 subsection.

4 (ii) Notwithstanding any other provision of law, if an electing
5 small business corporation files in the form and manner as specified in
6 subdivision (h)(i) of this subsection, the deadline for filing a claim
7 for credit or refund prescribed in section 77-2793 shall be extended for
8 affected shareholders of the electing small business corporation until
9 the timeframe specified in section 77-2793 or January 31, 2026, whichever
10 is later. The resulting claim of refund for tax years beginning prior to
11 January 1, 2023, shall be submitted in the form and manner as prescribed
12 by the Tax Commissioner. Neither the electing small business corporation
13 nor its shareholders shall incur any penalties for late filing nor owe
14 interest on such amounts. The Tax Commissioner shall not be required to
15 pay interest on any amounts owed to the shareholders resulting from such
16 refund claims.

17 (iii) Notwithstanding the dates provided in subdivision (h)(i) of
18 this subsection, the Tax Commissioner shall have one year from the date
19 an electing small business corporation files in the form and manner as
20 specified in subdivision (h)(i) of this subsection to review and make a
21 written proposed deficiency determination in accordance with section
22 77-2786. Any notice of deficiency determination made as specified in this
23 subdivision may be enforced at any time within six years from the date of
24 the notice of deficiency determination.

25 (9) For purposes of this section:

26 (a) Electing small business corporation means, with respect to a
27 taxable period, an eligible small business corporation having an election
28 in effect under subchapter S of the Internal Revenue Code that has made
29 an election pursuant to subsection (8) of this section with respect to
30 such taxable period; and

31 (b) Eligible small business corporation means an entity subject to

1 taxation under subchapter S of the Internal Revenue Code and the
2 regulations thereunder.

3 (10) For purposes of this section, any shareholder or member of the
4 corporation or limited liability company that is a grantor trust of a
5 nonresident shall be disregarded and this section shall apply as though
6 the nonresident grantor was the shareholder or member.

7 **Sec. 33.** Section 77-2776, Revised Statutes Cumulative Supplement,
8 2024, is amended to read:

9 77-2776 (1) As soon as practical after an income tax return is
10 filed, the Tax Commissioner shall examine it to determine the correct
11 amount of tax. If the Tax Commissioner finds that the amount of tax shown
12 on the return is less than the correct amount, he or she shall notify the
13 taxpayer of the amount of the deficiency proposed to be assessed. If the
14 Tax Commissioner finds that the tax paid is more than the correct amount,
15 he or she shall credit the overpayment against any taxes due by the
16 taxpayer and refund the difference. The Tax Commissioner shall, upon
17 request, make prompt assessment of taxes due as provided by the laws of
18 the United States for federal income tax purposes.

19 (2) If the taxpayer fails to file an income tax return, the Tax
20 Commissioner shall estimate the taxpayer's tax liability from any
21 available information and notify the taxpayer of the amount proposed to
22 be assessed as in the case of a deficiency.

23 (3) A notice of deficiency shall set forth the reason for the
24 proposed assessment or for the change in the amount of credit or loss to
25 be carried over to another year. The notice shall include a written
26 statement containing the details of the facts, circumstances, and reasons
27 the Tax Commissioner used to determine that the taxpayer did not report
28 the correct amount of tax. The notice may be mailed to the taxpayer at
29 his or her last-known address. In the case of a joint return, the notice
30 of deficiency may be a single joint notice, except that if the Tax
31 Commissioner is notified by either spouse that separate residences have

1 been established, the Tax Commissioner shall mail joint notices to each
2 spouse. If the taxpayer is deceased or under a legal disability, a notice
3 of deficiency may be mailed to his or her last-known address unless the
4 Tax Commissioner has received notice of the existence of a fiduciary
5 relationship with respect to such taxpayer.

6 (4) A notice of deficiency regarding an item of entity income may be
7 mailed to the entity at its last-known address or to the address of the
8 entity's tax matters person for federal income tax purposes. Such notice
9 shall be deemed to have been received by each partner, shareholder, or
10 member of such entity, but only for items of entity income reported by
11 the partner, shareholder, or member. The actions taken thereon on behalf
12 of the partnership, limited liability company, small business
13 corporation, estate, or trust are binding on the partners, members,
14 shareholders, or beneficiaries.

15 **Sec. 34.** Section 77-7305, Revised Statutes Cumulative Supplement,
16 2024, is amended to read:

17 77-7305 (1) The School District Property Tax Relief Act shall apply
18 to tax year 2024 and each tax year thereafter. For tax year 2024, the
19 total amount of relief granted under the act shall be seven hundred fifty
20 million dollars. For tax year 2025, the total amount of relief granted
21 under the act shall be seven hundred eighty million dollars. For tax year
22 2026, the total amount of relief granted under the act shall be eight
23 hundred eight million dollars. For tax year 2027, the total amount of
24 relief granted under the act shall be eight hundred thirty-eight million
25 dollars. For tax year 2028, the total amount of relief granted under the
26 act shall be eight hundred seventy million dollars. For tax year 2029,
27 the total amount of relief granted under the act shall be nine hundred
28 two million dollars. For tax year 2030 and each tax year thereafter, the
29 total amount of relief granted under the act shall be the total amount of
30 relief from the prior year increased by three percent. The relief shall
31 be in the form of property tax credits which appear on property tax

1 statements. Property tax credits granted under the act shall be credited
2 against the amount of property taxes owed to school districts.

3 (2) To determine the amount of the property tax credit for each
4 parcel, the county treasurer shall multiply the amount disbursed to the
5 county under subsection (4) of this section by the ratio of the school
6 district taxes levied in the current ~~prior~~ year on the parcel to the
7 school district taxes levied in the current ~~prior~~ year on all real
8 property in the county. The amount so determined shall be the property
9 tax credit for that parcel.

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

26 (4) The amount disbursed to each county under this section shall be
27 equal to the amount available for disbursement under subsection (1) of
28 this section multiplied by the ratio of the school district taxes levied
29 in the prior year on all real property in the county to the school
30 district taxes levied in the prior year on all real property in the
31 state. By September 15, 2024, and by September 15 of each year

1 thereafter, the Property Tax Administrator shall determine the amount to
2 be disbursed under this subsection to each county and shall certify such
3 amounts to the State Treasurer and to each county. The disbursements to
4 the counties shall occur in two equal payments, the first on or before
5 January 31 and the second on or before April 1.

6 (5) After retaining one percent of the amount ~~The county treasurer~~
7 ~~shall disburse amounts~~ received under subsection (4) of this section for
8 costs, the county treasurer shall disburse the remaining funds, which are
9 credited against the amount of property taxes owed to school districts,
10 in the same manner as if such funds had been received in the form of
11 property tax payments for property taxes owed to school districts,
12 meaning any amounts attributable to divided taxes pursuant to section
13 18-2147 of the Community Development Law shall be remitted to the
14 applicable authority for which such taxes were divided.

15 (6) The School District Property Tax Relief Credit Fund shall be
16 used for purposes of making the disbursements to counties required under
17 subsection (4) of this section.

18 **Sec. 54.** Sections 7, 8, 9, 29, 31, 32, 33, and 56 of this act
19 become operative three calendar months after the adjournment of this
20 legislative session. Sections 21, 22, 25, 30, 35, 36, 37, 38, 39, 40, 41,
21 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, and 57 of this act become
22 operative on October 1, 2025. Sections 1, 2, 3, 4, 5, 6, 23, 24, 26, and
23 58 of this act become operative on January 1, 2026. The other sections of
24 this act become operative on their effective date.

25 **Sec. 55.** Original sections 14-109, 15-202, 15-203, 16-205, and
26 17-525, Reissue Revised Statutes of Nebraska, and sections 13-518,
27 13-3402, 13-3403, 13-3405, 13-3406, 18-1208, 77-1631, 77-1701, and
28 77-7305, Revised Statutes Cumulative Supplement, 2024, are repealed.

29 **Sec. 56.** Original sections 77-2715.07, 77-2727, 77-2734.01, and
30 77-2776, Revised Statutes Cumulative Supplement, 2024, are repealed.

31 **Sec. 58.** Original section 77-1613, Reissue Revised Statutes of

1 Nebraska, and sections 76-214 and 77-202, Revised Statutes Cumulative
2 Supplement, 2024, are repealed.

3 **Sec. 59.** Since an emergency exists, this act takes effect when
4 passed and approved according to law.