

AMENDMENTS TO LB170

Introduced by Brandt, 32.

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

3 **Section 1.** Section 77-382, Revised Statutes Cumulative Supplement,
4 2024, is amended to read:

5 77-382 (1) The department shall prepare a tax expenditure report
6 describing (a) the basic provisions of the Nebraska tax laws, (b) the
7 actual or estimated revenue loss caused by the exemptions, deductions,
8 exclusions, deferrals, credits, and preferential rates in effect on July
9 1 of each year and allowed under Nebraska's tax structure and in the
10 property tax, (c) the actual or estimated revenue loss caused by failure
11 to impose sales and use tax on services purchased for nonbusiness use,
12 and (d) the elements which make up the tax base for state and local
13 income, including income, sales and use, property, and miscellaneous
14 taxes.

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

21 (a) Agriculture, which shall include a separate listing for the
22 following items: Agricultural machinery; agricultural chemicals; seeds
23 sold to commercial producers; water for irrigation and manufacturing;
24 commercial artificial insemination; mineral oil as dust suppressant;
25 animal specialty services and animal grooming services performed on
26 livestock as defined in section 54-183 grooming; oxygen for use in
27 aquaculture; animal life whose products constitute food for human

1 consumption; and grains;

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

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

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

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

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

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

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

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

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

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

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

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

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

8 **Sec. 2.** Section 77-2602, Revised Statutes Cumulative Supplement,
9 2024, is amended to read:

10 77-2602 (1) Every stamping agent engaged in distributing or selling
11 cigarettes at wholesale in this state shall pay to the Tax Commissioner
12 of this state a special privilege tax. This shall be in addition to all
13 other taxes. It shall be paid prior to or at the time of the sale, gift,
14 or delivery to the retail dealer in the several amounts as follows: On
15 each package of cigarettes containing not more than twenty cigarettes,
16 one dollar and thirty-six ~~sixty-four~~ cents per package; and on packages
17 containing more than twenty cigarettes, the same tax as provided on
18 packages containing not more than twenty cigarettes for the first twenty
19 cigarettes in each package and a tax of one-twentieth of the tax on the
20 first twenty cigarettes on each cigarette in excess of twenty cigarettes
21 in each package.

22 (2) Beginning July 1, 2025 ~~October 1, 2004~~, the State Treasurer
23 shall place the equivalent of one dollar and twenty-one ~~forty-nine~~ cents
24 of such tax in the General Fund. For purposes of this section, the
25 equivalent of a specified number of cents of the tax shall mean that
26 portion of the proceeds of the tax equal to the specified number divided
27 by the tax rate per package of cigarettes containing not more than twenty
28 cigarettes.

29 (3) The State Treasurer shall distribute the remaining proceeds of
30 such tax as follows:

31 (a) Beginning July 1, 1980, the State Treasurer shall place the

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

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

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

23 (d) Beginning July 1, 2016, and every fiscal year thereafter, the
24 State Treasurer shall place the equivalent of three million eight hundred
25 twenty thousand dollars of such tax in the Nebraska Public Safety
26 Communication System Cash Fund. If necessary, the State Treasurer shall
27 reduce the distribution of tax proceeds to the General Fund pursuant to
28 subsection (2) of this section by such amount required to fulfill the
29 distribution pursuant to this subdivision; and

30 (e) Beginning July 1, 2016, and every fiscal year thereafter, the
31 State Treasurer shall place the equivalent of one million two hundred

1 fifty thousand dollars of such tax in the Nebraska Health Care Cash Fund.
2 If necessary, the State Treasurer shall reduce the distribution of tax
3 proceeds to the General Fund pursuant to subsection (2) of this section
4 by such amount required to fulfill the distribution pursuant to this
5 subdivision.

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

10 (5) The Legislature hereby finds and determines that the projects
11 funded from the Building Renewal Allocation Fund are of critical
12 importance to the State of Nebraska. It is the intent of the Legislature
13 that the allocations and appropriations made by the Legislature to such
14 fund not be reduced until all contracts and securities relating to the
15 construction and financing of the projects or portions of the projects
16 funded from such fund are completed or paid, and that until such time any
17 reductions in the cigarette tax rate made by the Legislature shall be
18 simultaneously accompanied by equivalent reductions in the amount
19 dedicated to the General Fund from cigarette tax revenue. Any provision
20 made by the Legislature for distribution of the proceeds of the cigarette
21 tax for projects or programs other than those to (a) the General Fund,
22 (b) the Nebraska Outdoor Recreation Development Cash Fund, (c) the Health
23 and Human Services Cash Fund, (d) the Building Renewal Allocation Fund,
24 (e) the Nebraska Public Safety Communication System Cash Fund, and (f)
25 the Nebraska Health Care Cash Fund shall not be made a higher priority
26 than or an equal priority to any of the programs or projects specified in
27 subdivisions (a) through (f) of this subsection.

28 **Sec. 3.** Section 77-2701.16, Revised Statutes Cumulative Supplement,
29 2024, is amended to read:

30 77-2701.16 (1) Gross receipts means the total amount of the sale or
31 lease or rental price, as the case may be, of the retail sales of

1 retailers.

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

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

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

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

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

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

29 (d) In the furnishing of community antenna television service or
30 satellite service, the gross income received from the furnishing of such
31 community antenna television service as regulated under sections 18-2201

1 to 18-2205 or 23-383 to 23-388 or satellite service; and

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

13 (i) The gross income received by a political subdivision of the
14 state, an electric cooperative, or an electric membership association for
15 the lease or use of, or by a contractor for the construction of or
16 services provided on, electric generation, transmission, distribution, or
17 street lighting structures or facilities owned by a political subdivision
18 of the state, an electric cooperative, or an electric membership
19 association; or

20 (ii) The gross income received for the lease or use of towers or
21 other structures primarily used in conjunction with the furnishing of (A)
22 Internet access services, (B) agricultural global positioning system
23 locating services, or (C) over-the-air radio and television broadcasting
24 licensed by the Federal Communications Commission, including antennas and
25 studio transmitter link systems. For purposes of this subdivision, studio
26 transmitter link system means a system which serves as a conduit to
27 deliver audio from its origin in a studio to a broadcast transmitter.

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

30 (a) In the furnishing of computer software, the gross income
31 received, including the charges for coding, punching, or otherwise

1 producing any computer software and the charges for the tapes, disks,
2 punched cards, or other properties furnished by the seller; and

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

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

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

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

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

13 (d) The gross income received for installing and applying tangible
14 personal property if the sale of the property is subject to tax. If any
15 or all of the charge for installation is free to the customer and is paid
16 by a third-party service provider to the installer, any tax due on that
17 part of the activation commission, finder's fee, installation charge, or
18 similar payment made by the third-party service provider shall be paid
19 and remitted by the third-party service provider;

20 (e) The gross income received for services of recreational vehicle
21 parks;

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

26 (g) The gross income received for animal specialty services and
27 animal grooming services except for (i) veterinary services , and (ii)
28 animal specialty services or animal grooming services performed on
29 livestock as defined in section 54-183; , and (iii) animal grooming
30 performed by a licensed veterinarian or a licensed veterinary technician
31 in conjunction with medical treatment; and

- 1 (h) The gross income received for detective services; -
- 2 (i) The gross income received for providing chartered flights;
- 3 (j) The gross income received for the cleaning of clothing,
- 4 excluding any amounts exempt pursuant to section 77-2704.14;
- 5 (k) The gross income received for dating services;
- 6 (l) The gross income received for interior design and decorating
- 7 services;
- 8 (m) The gross income received for lobbying services;
- 9 (n) The gross income received for local passenger transportation by
- 10 chartered road vehicles, including limousines and similar luxury
- 11 vehicles;
- 12 (o) The gross income received for telemarketing services;
- 13 (p) The gross income received for massage services, except for any
- 14 such services that are part of a course of medical treatment or are
- 15 provided by or under the care or supervision of a licensed massage
- 16 therapist and in a licensed massage therapy establishment or other
- 17 location specifically permitted in the Massage Therapy Practice Act;
- 18 (q) The gross income received for nail care services, except for any
- 19 such services that are part of a course of medical treatment and are
- 20 provided by or under the care or supervision of a licensed health care
- 21 practitioner or in a licensed health care facility;
- 22 (r) The gross income received for personal instruction services for
- 23 dance, golf, or tennis;
- 24 (s) The gross income received for sightseeing services by ground
- 25 vehicles;
- 26 (t) The gross income received for skin care services, except for any
- 27 such services that are part of a course of medical treatment and are
- 28 provided by or under the care or supervision of a licensed health care
- 29 practitioner or in a licensed health care facility;
- 30 (u) The gross income received for swimming pool cleaning and
- 31 maintenance services;

1 (v) The gross income received for tattoo and body modification
2 services, except for any such services that are part of a course of
3 medical treatment and are provided by or under the care or supervision of
4 a licensed health care practitioner or in a licensed health care
5 facility;

6 (w) The gross income received for telefloral delivery services,
7 defined as amounts received by florists in this state who make deliveries
8 in this state pursuant to instructions received from florists in other
9 states;

10 (x) The gross income received for travel agency services; and

11 (y) The gross income received for weight loss services, except for
12 any such services that are part of a course of medical treatment and are
13 provided by or under the care or supervision of a licensed health care
14 practitioner or in a licensed health care facility.

15 (5) Gross receipts includes the sale of admissions. When an
16 admission to an activity or a membership constituting an admission is
17 combined with the solicitation of a contribution, the portion or the
18 amount charged representing the fair market price of the admission shall
19 be considered a retail sale subject to the tax imposed by section
20 77-2703. The organization conducting the activity shall determine the
21 amount properly attributable to the purchase of the privilege, benefit,
22 or other consideration in advance, and such amount shall be clearly
23 indicated on any ticket, receipt, or other evidence issued in connection
24 with the payment.

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

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

31 (8) Gross receipts includes the sale of and recharge of prepaid

1 calling service and prepaid wireless calling service.

2 (9) Gross receipts includes the retail sale of digital audio works,
3 digital audiovisual works, digital codes, and digital books delivered
4 electronically if the products are taxable when delivered on tangible
5 storage media. A sale includes the transfer of a permanent right of use,
6 the transfer of a right of use that terminates on some condition, and the
7 transfer of a right of use conditioned upon the receipt of continued
8 payments.

9 (10) Gross receipts includes any receipts from sales of tangible
10 personal property made over a multivendor marketplace platform that acts
11 as the intermediary by facilitating sales between a seller and the
12 purchaser and that, either directly or indirectly through agreements or
13 arrangements with third parties, collects payment from the purchaser and
14 transmits payment to the seller.

15 (11) Gross receipts does not include:

16 (a) The amount of any rebate granted by a motor vehicle or motorboat
17 manufacturer or dealer at the time of sale of the motor vehicle or
18 motorboat, which rebate functions as a discount from the sales price of
19 the motor vehicle or motorboat; or

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

22 **Sec. 4.** Section 77-2704.24, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 77-2704.24 (1) Sales and use taxes shall not be imposed on the gross
25 receipts from the sale, lease, or rental of and the storage, use, or
26 other consumption in this state of food or food ingredients except for
27 prepared food and food sold through vending machines.

28 (2) For purposes of this section:

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

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

15 (c) Energy drinks means carbonated or noncarbonated beverages
16 containing a stimulant such as fortified caffeine, guarana,
17 glucuronolactone, or taurine, specifically formulated to enhance energy,
18 alertness, or physical performance. They may also contain other
19 ingredients, including, but not limited to, amino acids, herbal extracts
20 such as ginseng, high doses of organic acids, inositol, mineral salts,
21 sugars, vitamins, and other similar compounds in addition to sweeteners.
22 Juices or natural fruit pulp or concentrates may also be added;

23 (d) (e) Food and food ingredients means substances, whether in
24 liquid, concentrated, solid, frozen, dried, or dehydrated form, that are
25 sold for ingestion or chewing by humans and are consumed for their taste
26 or nutritional value. Food and food ingredients does not include
27 alcoholic beverages, dietary supplements, energy drinks, soft drinks, or
28 tobacco;

29 (e) (d) Food sold through vending machines means food that is
30 dispensed from a machine or other mechanical device that accepts payment;

31 (f) (e) Prepared food means:

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

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

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

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

12 (C) Food sold by a seller whose proper primary North American
13 Industry Classification System classification is manufacturing in sector
14 311, except subsector 3118, bakeries;

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

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

20 (F) Food that ordinarily requires additional cooking to finish the
21 product to its desired final condition; and

22 (g) Soft drinks means nonalcoholic beverages that contain natural or
23 artificial sweeteners. Soft drinks do not include beverages that contain
24 milk or milk products, soy, rice, or similar milk substitutes, or greater
25 than fifty percent of vegetable or fruit juice by volume; and

26 (h) {f} Tobacco means cigarettes, cigars, chewing or pipe tobacco,
27 or any other item that contains tobacco.

28 **Sec. 5.** Section 77-4004, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 77-4004 (1) First owner shall mean any person:

31 (a) {1} Engaged in the business of selling tobacco products in this

1 state who brings or causes to be brought into this state from outside
2 this state any tobacco products for sale in this state, including a
3 retailer who purchases directly from suppliers outside this state who are
4 not licensed pursuant to subsection (2) of section 77-4009;

5 (b) (2) Who makes, manufactures, or fabricates tobacco products in
6 this state for sale in this state; or

7 (c) (3) Engaged in business outside this state who ships or
8 transports tobacco products to retailers in this state and who becomes
9 licensed pursuant to subsection (2) of section 77-4009; or -

10 (d) Who is a remote retail seller.

11 (2) For purposes of this section, remote retail seller means a
12 retail seller that:

13 (a) Is located outside this state;

14 (b) Sells cigars, cheroots, or stogies directly to consumers within
15 this state; and

16 (c) For purposes of sales and use taxes imposed under the Nebraska
17 Revenue Act of 1967, is engaged in business in this state as defined in
18 section 77-2701.13.

19 **Sec. 6.** Section 77-4008, Revised Statutes Cumulative Supplement,
20 2024, is amended to read:

21 77-4008 (1)(a) A tax is hereby imposed upon the first owner of
22 tobacco products to be sold in this state.

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

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

31 (c) (d) The tax on an electronic nicotine delivery system containing

1 ~~more than three milliliters of consumable material~~ shall be forty ten
2 percent of (i) the purchase price of such electronic nicotine delivery
3 system paid by the first owner or (ii) the price at which the first owner
4 who made, manufactured, or fabricated the electronic nicotine delivery
5 system sells the item to others.

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

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

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

21 (2) Whenever any person who is licensed under section 77-4009
22 purchases tobacco products from another person licensed under section
23 77-4009, the seller shall be liable for the payment of the tax.

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

26 **Sec. 7.** Section 77-7305, Revised Statutes Cumulative Supplement,
27 2024, as amended by section 57, Legislative Bill 650, One Hundred Ninth
28 Legislature, First Session, 2025, is amended to read:

29 77-7305 (1) The School District Property Tax Relief Act shall apply
30 to tax year 2024 and each tax year thereafter. The property tax relief
31 shall 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. The total
3 amount of property tax relief granted under the act shall be determined
4 as follows:

5 (a) For tax year 2024, the minimum amount of relief granted under
6 the act shall be seven hundred fifty million dollars. For tax year 2025,
7 the minimum amount of relief granted under the act shall be eight ~~seven~~
8 hundred eighty million dollars. For tax year 2026, the minimum amount of
9 relief granted under the act shall be nine ~~eight~~ hundred eight million
10 dollars. For tax year 2027, the minimum amount of relief granted under
11 the act shall be nine ~~eight~~ hundred thirty-eight million dollars. For tax
12 year 2028, the minimum amount of relief granted under the act shall be
13 nine ~~eight~~ hundred seventy million dollars. For tax year 2029, the
14 minimum amount of relief granted under the act shall be one billion ~~nine~~
15 ~~hundred~~ two million dollars. For tax year 2030 and each tax year
16 thereafter, the minimum amount of relief granted under the act shall be
17 the minimum amount of relief from the prior year, excluding any
18 additional relief provided pursuant to subdivision (1)(b) of this
19 section, with such amount then increased by three percent; and

20 (b) If money is transferred to the School District Property Tax
21 Relief Credit Fund pursuant to section 77-4602, such amount shall be
22 added to the minimum amount required under subdivision (1)(a) of this
23 section when determining the total amount of relief granted under the act
24 for the tax year in which the transfer occurs. If no such transfer occurs
25 in a given tax year, the minimum amount required under subdivision (1)(a)
26 of this section shall be the total amount of relief granted under the act
27 for such tax year.

28 (2) To determine the amount of the property tax credit for each
29 parcel, the county treasurer shall multiply the amount disbursed to the
30 county under subsection (4) of this section by the ratio of the school
31 district taxes levied in the prior year on the parcel to the school

1 district taxes levied in the prior year on all real property in the
2 county. The amount so determined shall be the property tax credit for
3 that parcel.

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

20 (4) The amount disbursed to each county under this section shall be
21 equal to the amount available for disbursement under subsection (1) of
22 this section multiplied by the ratio of the school district taxes levied
23 in the prior year on all real property in the county to the school
24 district taxes levied in the prior year on all real property in the
25 state. By September 15, 2024, and by September 15 of each year
26 thereafter, the Property Tax Administrator shall determine the amount to
27 be disbursed under this subsection to each county and shall certify such
28 amounts to the State Treasurer and to each county. The disbursements to
29 the counties shall occur in two equal payments, the first on or before
30 January 31 and the second on or before April 1.

31 (5) The county treasurer shall disburse amounts received under

1 subsection (4) of this section, which are credited against the amount of
2 property taxes owed to school districts, in the same manner as if such
3 funds had been received in the form of property tax payments for property
4 taxes owed to school districts, meaning any amounts attributable to
5 divided taxes pursuant to section 18-2147 of the Community Development
6 Law shall be remitted to the applicable authority for which such taxes
7 were divided.

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

11 **Sec. 8.** Sections 2, 5, 6, 7, and 9 of this act become operative on
12 July 1, 2025. Sections 1, 3, 4, and 10 of this act become operative on
13 October 1, 2025. The other sections of this act become operative on their
14 effective date.

15 **Sec. 9.** Original section 77-4004, Reissue Revised Statutes of
16 Nebraska, sections 77-2602 and 77-4008, Revised Statutes Cumulative
17 Supplement, 2024, and section 77-7305, Revised Statutes Cumulative
18 Supplement, 2024, as amended by section 57, Legislative Bill 650, One
19 Hundred Ninth Legislature, First Session, 2025, are repealed.

20 **Sec. 10.** Original section 77-2704.24 Reissue Revised Statutes of
21 Nebraska, and sections 77-382 and 77-2701.16, Revised Statutes Cumulative
22 Supplement, 2024, are repealed.

23 **Sec. 11.** Since an emergency exists, this act takes effect when
24 passed and approved according to law.