

LEGISLATURE OF NEBRASKA  
ONE HUNDRED NINTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 647**

FINAL READING

Introduced by Revenue Committee: von Gillern, 4, Chairperson; Ibach, 44;  
Kauth, 31; Murman, 38; Sorrentino, 39.

Read first time January 22, 2025

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections  
2 13-3106, 14-109, 15-202, 15-203, 16-205, 17-525, 77-1613, 85-1801,  
3 85-1802, 85-1804, 85-1805, 85-1806, 85-1807, 85-1808, 85-1809,  
4 85-1810, 85-1811, 85-1812, 85-1813, 85-1814, 85-1815, 85-1816,  
5 85-1817, 85-2802, 85-2803, and 85-2804, Reissue Revised Statutes of  
6 Nebraska, and sections 13-518, 13-3103, 13-3402, 13-3403, 13-3405,  
7 13-3406, 18-1208, 68-1201, 72-1239.01, 76-214, 77-202, 77-202.01,  
8 77-202.03, 77-202.05, 77-3,110, 77-1631, 77-1701, 77-2715.07,  
9 77-2716, 77-2727, 77-2734.01, 77-2776, and 77-7305, Revised Statutes  
10 Cumulative Supplement, 2024; to adopt the Recreational Trail  
11 Easement Property Tax Exemption Act; to adopt the Adoption Tax  
12 Credit Act; to change provisions of the Sports Arena Facility  
13 Financing Assistance Act; to redefine a term relating to budget  
14 limitations; to redefine terms and change provisions of the Property  
15 Tax Growth Limitation Act relating to calculation of property tax  
16 request authority, authorized increases to such authority, and  
17 unused property tax request authority; to change provisions relating  
18 to municipal occupation taxes; to change provisions relating to the  
19 filing of statements of recorded easements and property tax  
20 exemptions; to change provisions relating to property tax  
21 exemptions; to change provisions relating to duties of the county

1        assessor regarding real property assessments; to define and redefine  
2        terms under the Property Tax Request Act; to change provisions  
3        relating to income tax credits allowed for the purchase of certain  
4        residences; to change provisions relating to the taxation of  
5        partnerships and small business corporations and notices of  
6        deficiency; to change certain calculations and authorize the county  
7        to retain certain funds for costs under the School District Property  
8        Tax Relief Act; to include savings plans for elementary and  
9        secondary education in the Nebraska educational savings plan trust  
10       and redefine terms relating to such trust; to change the names of  
11       certain funds; to transfer provisions; to eliminate obsolete  
12       provisions; to harmonize provisions; to provide operative dates; to  
13       repeal the original sections; and to declare an emergency.

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

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

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

6            (1) Promoting public health and wellness through access to  
7 recreational trails;

8            (2) Encouraging economic development and tourism by expanding  
9 regional and state trail systems;

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

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

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

16           (1) Eligible holder means:

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

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

24           (2) Recreational trail easement means a perpetual easement granting  
25 public access for recreational use, including, but not limited to,  
26 walking, hiking, bicycling, and equestrian activities.

27        **Sec. 4.** (1) A taxpayer who encumbers their property with a  
28 perpetual recreational trail easement may apply for a property tax  
29 exemption for the portion of the property which has been encumbered with  
30 the easement as provided in section 77-202.01. The forms for such  
31 applications shall be prescribed as provided in section 77-202.05.

1       (2) Upon approval of the application for the exemption, the portion  
2 of the property encumbered with a perpetual recreational trail easement  
3 shall remain exempt from property taxes without requiring reapplication  
4 for the exemption until the property is no longer encumbered with a  
5 perpetual recreational trail easement.

6       **Sec. 5.** To qualify for the property tax exemption, the easement  
7 shall:

8       (1) Be perpetual and recorded with the appropriate county register  
9 of deeds;

10       (2) Provide public access and connect to existing or planned  
11 regional trails or significant local attractions, such as parks,  
12 waterways, cultural sites, or residential areas; and

13       (3) Be held by an eligible holder, including nonprofit organizations  
14 that demonstrate:

15       (a) A primary mission of promoting public access, health, and  
16 wellness through recreational land use;

17       (b) A commitment to environmental conservation and land stewardship;  
18 and

19       (c) Capacity to oversee and manage trail easements independently or  
20 through partnerships with accredited entities, ensuring compliance with  
21 public access goals.

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

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

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

31       (3) Methods for ensuring compliance with the public purpose outlined

1 in the act.

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

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

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

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

14 **Sec. 10.** Section 13-518, Revised Statutes Cumulative Supplement,  
15 2024, is amended to read:

16 13-518 For purposes of sections 13-518 to 13-522:

17 (1) Allowable growth means (a) for governmental units other than  
18 community colleges, the percentage increase in taxable valuation in  
19 excess of the base limitation established under section 77-3446, if any,  
20 due to (i) improvements to real property as a result of new construction  
21 and ~~τ~~ additions to existing buildings, (ii) any other improvements to  
22 real property which increase the value of such property, (iii) and any  
23 increase in valuation due to annexation of real property by the  
24 governmental unit, (iv) a change in the use of real property, (v) and any  
25 increase in personal property valuation over the prior year, and (vi) the  
26 accumulated excess valuation over the redevelopment project valuation  
27 described in section 18-2147 of the Community Development Law for  
28 redevelopment projects within the governmental unit in the year  
29 immediately after the division of taxes for such redevelopment project  
30 has ended and (b) for community colleges, the percentage increase in  
31 excess of the base limitation, if any, in full-time equivalent students

1 from the second year to the first year preceding the year for which the  
2 budget is being determined;

3 (2) Capital improvements means (a) acquisition of real property or  
4 (b) acquisition, construction, or extension of any improvements on real  
5 property;

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

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

15 (5) Qualified sinking fund means a fund or funds maintained  
16 separately from the general fund to pay for acquisition or replacement of  
17 tangible personal property with a useful life of five years or more which  
18 is to be undertaken in the future but is to be paid for in part or in  
19 total in advance using periodic payments into the fund. The term includes  
20 sinking funds under subdivision (13) of section 35-508 for firefighting  
21 and rescue equipment or apparatus;

22 (6) Restricted funds means (a) property tax, excluding any amounts  
23 refunded to taxpayers, (b) payments in lieu of property taxes, (c) local  
24 option sales taxes, (d) motor vehicle taxes, (e) state aid, (f) transfers  
25 of surpluses from any user fee, permit fee, or regulatory fee if the fee  
26 surplus is transferred to fund a service or function not directly related  
27 to the fee and the costs of the activity funded from the fee, (g) any  
28 funds excluded from restricted funds for the prior year because they were  
29 budgeted for capital improvements but which were not spent and are not  
30 expected to be spent for capital improvements, (h) the tax provided in  
31 sections 77-27,223 to 77-27,227 beginning in the second fiscal year in

1 which the county will receive a full year of receipts, and (i) any excess  
2 tax collections returned to the county under section 77-1776. Funds  
3 received pursuant to the nameplate capacity tax levied under section  
4 77-6203 for the first five years after a renewable energy generation  
5 facility has been commissioned are nonrestricted funds; and

6 (7) State aid means:

7 (a) For all governmental units, state aid paid pursuant to sections  
8 60-3,202 and 77-3523 and reimbursement provided pursuant to section  
9 77-1239;

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

13 (c) For counties, state aid to counties paid pursuant to sections  
14 60-3,184 to 60-3,190, insurance premium tax paid to counties, and  
15 reimbursements to counties from funds appropriated pursuant to section  
16 29-3933;

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

19 (e) For educational service units, state aid appropriated under  
20 sections 79-1241.01 and 79-1241.03; and

21 (f) For local public health departments as defined in section  
22 71-1626, state aid as distributed under section 71-1628.08.

23 **Sec. 11.** Section 13-3103, Revised Statutes Cumulative Supplement,  
24 2024, is amended to read:

25 13-3103 (1) Any applicant may apply to the board for state  
26 assistance if (a) the applicant has acquired, constructed, improved, or  
27 equipped an eligible sports arena facility, (b) the applicant has  
28 approved a revenue bond issue or a general obligation bond issue to  
29 acquire, construct, improve, or equip an eligible sports arena facility,  
30 (c) the applicant has adopted a resolution authorizing the applicant to  
31 pursue a general obligation bond issue to acquire, construct, improve, or

1 equip an eligible sports arena facility, (d) a building permit has been  
2 issued within the applicant's jurisdiction for an eligible sports arena  
3 facility that is a privately owned concert venue, ~~or~~ (e) a building  
4 permit has been issued or construction has been completed within the  
5 applicant's jurisdiction for an eligible sports arena facility that is a  
6 privately owned sports complex, or (f) each coapplicant described in  
7 subdivision (1)(b) of section 13-3102 has adopted a resolution  
8 authorizing either the political subdivision or the nonprofit corporation  
9 to pursue financing or bonds to acquire, construct, improve, or equip an  
10 eligible sports arena facility for the purposes set forth in subdivision  
11 (4)(b) of section 13-3103.

12 (2) Except as provided in subsections (3) and (4) of this section,  
13 the state assistance shall only be used by the applicant to pay back  
14 amounts expended or borrowed through one or more issues of bonds to be  
15 expended by the applicant to acquire, construct, improve, or equip the  
16 publicly owned eligible sports arena facility and to acquire, construct,  
17 improve, or equip publicly owned nearby parking facilities.

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

24 (4) For an eligible sports arena facility that is a privately owned  
25 sports complex, the state assistance shall only be used by the applicant:

26 (a) To ~~to~~ pay back amounts expended or borrowed through one or more  
27 issues of bonds to be expended by the applicant to acquire, construct,  
28 improve, or equip one or more public infrastructure projects, as defined  
29 in section 77-27,142, related to a privately owned sports complex; ~~or~~

30 (b) To ~~to~~ lease all or a portion of such privately owned sports  
31 complex for the governmental use of the political subdivision. For



1 purposes of this subdivision, lease means any contractual lease agreement  
2 between the coapplicants described in subdivision (1)(b) of section  
3 13-3102 for the use of an eligible sports arena facility at fair market  
4 rental value for a term not to exceed twenty years; 7

5 (c) To ~~to~~ promote sporting events which are open to or made  
6 available to the general public; 7 or

7 (d) To ~~to~~ pay back amounts expended or borrowed through one or more  
8 debt issues to be expended by the nonprofit corporation coapplicant to  
9 acquire, construct, improve, or equip a privately owned sports complex,  
10 subject to voter approval as provided in section 13-3110.

11 (5)(a) No more than ten years of funding for promotion of the arts  
12 and cultural events shall be paid by state assistance received pursuant  
13 to section 13-3108.

14 (b) No more than ten years of funding for promotion of sporting  
15 events shall be paid by state assistance received pursuant to section  
16 13-3108.

17 (c) No more than five years of funding for a sports complex located  
18 in a city of the second class or village shall be paid by state  
19 assistance received pursuant to section 13-3108.

20 (6) For any application for state assistance for a large public  
21 stadium approved on or after July 19, 2024, up to one hundred percent of  
22 the final cost of the project may be funded by state assistance received  
23 pursuant to section 13-3108.

24 **Sec. 12.** Section 13-3106, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26 13-3106 (1) After consideration of the application and the evidence,  
27 if the board finds that the project described in the application is  
28 eligible and that state assistance is in the best interest of the state,  
29 the application shall be approved, except that:

30 (a) An ~~an~~ approval of an application submitted because of the  
31 requirement in subdivision (1)(c) of section 13-3103 is a temporary

1 approval. If the general obligation bond issue is subsequently approved  
2 by the voters of the political subdivision, the approval by the board  
3 becomes permanent. If the general obligation bond issue is not approved  
4 by such voters, the temporary approval shall become void; and -

5 (b) An approval of an application submitted because of the  
6 requirement in subdivision (1)(f) of section 13-3103 is a temporary  
7 approval. If a building permit for the eligible sports arena facility is  
8 issued within twenty-four months of the temporary approval, the approval  
9 by the board becomes permanent. If a building permit is not issued within  
10 twenty-four months of the temporary approval, the temporary approval  
11 shall become void.

12 (2) In determining whether state assistance is in the best interest  
13 of the state, the board shall consider the fiscal and economic capacity  
14 of the applicant to finance the local share of the project.

15 (3) A majority of the board members constitutes a quorum for the  
16 purpose of conducting business. All actions of the board shall be by a  
17 majority vote of all the board members, one of whom must be the Governor.

18 **Sec. 13.** Section 13-3402, Revised Statutes Cumulative Supplement,  
19 2024, is amended to read:

20 13-3402 For purposes of the Property Tax Growth Limitation Act:

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

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

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

31 (4) Growth percentage means the percentage obtained by dividing (a)

1 the political subdivision's growth value by (b) the political  
2 subdivision's total property valuation from the prior year;

3 (5) Growth value means the increase in a political subdivision's  
4 total property valuation from the prior year to the current year due to  
5 (a) improvements to real property as a result of new construction and  
6 additions to existing buildings, (b) any other improvements to real  
7 property which increase the value of such property, (c) annexation of  
8 real property by the political subdivision, (d) a change in the use of  
9 real property, (e) any increase in personal property valuation over the  
10 prior year, and (f) the accumulated increase in excess valuation over the  
11 redevelopment project valuation described in section 18-2147 of the  
12 Community Development Law for redevelopment projects within the political  
13 subdivision in the year immediately after the division of taxes for such  
14 redevelopment project has ended , ~~provided the accumulated excess~~  
15 ~~valuation which exists as of July 1, 2025, shall be included in the~~  
16 ~~calculation of the increase in excess valuation for the political~~  
17 ~~subdivision's first fiscal year beginning on or after July 1, 2025;~~

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

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

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

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

31 (10) State aid means:

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

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

7 (c) For counties, state aid to counties paid pursuant to sections  
8 60-3,184 to 60-3,190, insurance premium tax paid to counties, and  
9 reimbursements to counties from funds appropriated pursuant to section  
10 29-3933.

11 **Sec. 14.** Section 13-3403, Revised Statutes Cumulative Supplement,  
12 2024, is amended to read:

13 13-3403 (1) Except as otherwise provided in the Property Tax Growth  
14 Limitation Act, for fiscal years beginning on or after July 1, 2025, a  
15 political subdivision's property tax request for any year shall not  
16 exceed its property tax request authority as determined under this  
17 section. The preliminary property tax request authority for each  
18 political subdivision shall be the amount of property taxes requested and  
19 approved by each ~~levied by the county board of equalization pursuant to~~  
20 ~~section 77-1601 for such political subdivision and included on the budget~~  
21 document filed with the auditor in the prior fiscal year pursuant to  
22 subsection (2) of section 13-506, less the sum of exceptions utilized in  
23 the prior year pursuant to subdivisions (1) to (7) of section 13-3404.

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

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

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

5       **Sec. 15.** Section 13-3405, Revised Statutes Cumulative Supplement,  
6 2024, is amended to read:

7       13-3405 (1) A political subdivision may increase its property tax  
8 request authority over the amount determined under section 13-3403 if  
9 such increase is approved by a majority of legal voters voting on the  
10 issue at an election described in subsection (2) of this section. Such  
11 issue shall be placed on the ballot (a) upon the recommendation of the  
12 governing body of such political subdivision or (b) upon the receipt by  
13 the county clerk or election commissioner of a petition requesting such  
14 issue to be placed on the ballot which is signed by at least five percent  
15 of the legal voters of the political subdivision. The recommendation of  
16 the governing body or the petition of the legal voters shall include the  
17 amount by which the political subdivision would increase its property tax  
18 request authority over and above the amount determined under section  
19 13-3403.

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

31       **Sec. 16.** Section 13-3406, Revised Statutes Cumulative Supplement,

1 2024, is amended to read:

2 13-3406 (1) A political subdivision may choose not to increase its  
3 total property taxes levied by the full amount of the property tax  
4 request authority allowed in a particular year. In such cases, the  
5 political subdivision may carry forward to future budget years the amount  
6 of unused property tax request authority, but accumulation of unused  
7 property tax request authority shall not exceed an aggregate of five  
8 percent of the total property tax request authority from the prior year.

9 (2) A political subdivision may choose to convert its accumulated  
10 amount of unused restricted funds authority existing on June 30, 2025, as  
11 determined in accordance with section 13-521, into unused property tax  
12 request authority. The amount converted may then be used by the political  
13 subdivision as unused property tax request authority for fiscal years  
14 beginning on or after July 1, 2025. The amount converted shall not exceed  
15 five percent of the total property taxes levied for the political  
16 subdivision in calendar year 2024.

17 **Sec. 17.** Section 14-109, Reissue Revised Statutes of Nebraska, is  
18 amended to read:

19 14-109 (1)(a) The city council of a city of the metropolitan class  
20 shall have power to tax for revenue, license, and regulate any person  
21 within the limits of the city by ordinance except as otherwise provided  
22 in this section. Such tax may include both a tax for revenue and license.  
23 The city council may raise revenue by levying and collecting a tax on any  
24 occupation or business within the limits of the city. After March 27,  
25 2014, any occupation tax imposed pursuant to this section shall make a  
26 reasonable classification of businesses, users of space, or kinds of  
27 transactions for purposes of imposing such tax, except that no occupation  
28 tax shall be imposed on any transaction which is subject to tax under  
29 section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602,  
30 or 77-4008 or which is exempt from tax under section 77-2704.24. The  
31 ~~occupation tax shall be imposed in the manner provided in section~~

1 ~~18-1208, except that section 18-1208 does not apply to an occupation tax~~  
2 ~~subject to section 86-704.~~ All such taxes shall be uniform in respect to  
3 the class upon which they are imposed. All scientific and literary  
4 lectures and entertainments shall be exempt from taxation, as well as  
5 concerts and all other musical entertainments given exclusively by the  
6 citizens of the city. It shall be the duty of the city clerk to deliver  
7 to the city treasurer a copy of the ordinance levying such tax.

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

10 (2)(a) Except as otherwise provided in subdivision (c) of this  
11 subsection, the city council shall also have the power to require any  
12 individual whose primary residence or person who owns a place of business  
13 which is within the limits of the city and that owns and operates a motor  
14 vehicle within such limits to annually register such motor vehicle in  
15 such manner as may be provided and to require such person to pay an  
16 annual motor vehicle fee therefor and to require the payment of such fee  
17 upon the change of ownership of such vehicle. All such fees which may be  
18 provided for under this subsection shall be credited to a separate fund  
19 of the city, thereby created, to be used exclusively for constructing,  
20 repairing, maintaining, or improving streets, roads, alleys, public ways,  
21 or parts of such streets, roads, alleys, or ways or for the amortization  
22 of bonded indebtedness when created for such purposes.

23 (b) No motor vehicle fee shall be required under this subsection if  
24 (i) a vehicle is used or stored but temporarily in such city for a period  
25 of six months or less in a twelve-month period, (ii) an individual does  
26 not have a primary residence or a person does not own a place of business  
27 within the limits of the city and does not own and operate a motor  
28 vehicle within the limits of the city, or (iii) an individual is a full-  
29 time student attending a postsecondary institution within the limits of  
30 the city and the motor vehicle's situs under the Motor Vehicle  
31 Certificate of Title Act is different from the place at which he or she

1 is attending such institution.

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

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

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

13 **Sec. 18.** Section 15-202, Reissue Revised Statutes of Nebraska, is  
14 amended to read:

15 15-202 A city of the primary class shall have the power to levy  
16 taxes for general revenue purposes on all property within the corporate  
17 limits of the city taxable according to the laws of Nebraska and to levy  
18 an occupation tax on public service property or corporations in such  
19 amounts as may be proper and necessary, in the judgment of the mayor and  
20 city council, for purposes of revenue. All such taxes shall be uniform  
21 with respect to the class upon which they are imposed. The occupation tax  
22 may be based upon a certain percentage of the gross receipts of such  
23 public service corporation or upon such other basis as may be determined  
24 upon by the mayor and city council. After March 27, 2014, any occupation  
25 tax imposed pursuant to this section shall make a reasonable  
26 classification of businesses, users of space, or kinds of transactions  
27 for purposes of imposing such tax, except that no occupation tax shall be  
28 imposed on any transaction which is subject to tax under section 53-160,  
29 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602, or 77-4008 or  
30 which is exempt from tax under section 77-2704.24. ~~The occupation tax~~  
31 ~~shall be imposed in the manner provided in section 18-1208, except that~~



1 ~~section 18-1208 does not apply to an occupation tax subject to section~~  
2 ~~86-704.~~

3       **Sec. 19.** Section 15-203, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5       15-203 A city of the primary class shall have power to raise revenue  
6 by levying and collecting a license or occupation tax on any person,  
7 partnership, limited liability company, corporation, or business within  
8 the limits of the city and regulate the same by ordinance except as  
9 otherwise provided in this section and in section 15-212. After March 27,  
10 2014, any occupation tax imposed pursuant to this section shall make a  
11 reasonable classification of businesses, users of space, or kinds of  
12 transactions for purposes of imposing such tax, except that no occupation  
13 tax shall be imposed on any transaction which is subject to tax under  
14 section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602,  
15 or 77-4008 or which is exempt from tax under section 77-2704.24. The  
16 ~~occupation tax shall be imposed in the manner provided in section~~  
17 ~~18-1208, except that section 18-1208 does not apply to an occupation tax~~  
18 ~~subject to section 86-704.~~ All such taxes shall be uniform in respect to  
19 the class upon which they are imposed. All scientific and literary  
20 lectures and entertainments shall be exempt from such taxation as well as  
21 concerts and all other musical entertainments given exclusively by the  
22 citizens of the city.

23       **Sec. 20.** Section 16-205, Reissue Revised Statutes of Nebraska, is  
24 amended to read:

25       16-205 A city of the first class may raise revenue by levying and  
26 collecting a license or occupation tax on any person, partnership,  
27 limited liability company, corporation, or business within the limits of  
28 the city and may regulate the same by ordinance. After March 27, 2014,  
29 any occupation tax imposed pursuant to this section shall make a  
30 reasonable classification of businesses, users of space, or kinds of  
31 transactions for purposes of imposing such tax, except that no occupation

1 tax shall be imposed on any transaction which is subject to tax under  
2 section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602,  
3 or 77-4008 or which is exempt from tax under section 77-2704.24. The  
4 ~~occupation tax shall be imposed in the manner provided in section~~  
5 ~~18-1208, except that section 18-1208 does not apply to an occupation tax~~  
6 ~~subject to section 86-704.~~ All such taxes shall be uniform in respect to  
7 the class upon which they are imposed. All scientific and literary  
8 lectures and entertainments shall be exempt from such taxation as well as  
9 concerts and all other musical entertainments given exclusively by the  
10 citizens of the city.

11 **Sec. 21.** Section 17-525, Reissue Revised Statutes of Nebraska, is  
12 amended to read:

13 17-525 Cities of the second class and villages shall have power to  
14 raise revenue by levying and collecting a license tax on any occupation  
15 or business within the limits of the city or village and regulate such  
16 occupation or business by ordinance. After March 27, 2014, any occupation  
17 tax imposed pursuant to this section shall make a reasonable  
18 classification of businesses, users of space, or kinds of transactions  
19 for purposes of imposing such tax, except that no occupation tax shall be  
20 imposed on any transaction which is subject to tax under section 53-160,  
21 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602, or 77-4008 or  
22 which is exempt from tax under section 77-2704.24. ~~The occupation tax~~  
23 ~~shall be imposed in the manner provided in section 18-1208, except that~~  
24 ~~section 18-1208 does not apply to an occupation tax subject to section~~  
25 ~~86-704.~~ All such taxes shall be uniform in respect to the classes upon  
26 which they are imposed. All scientific and literary lectures and  
27 entertainments shall be exempt from such taxation, as well as concerts  
28 and other musical entertainments given exclusively by the citizens of the  
29 city or village.

30 **Sec. 22.** Section 18-1208, Revised Statutes Cumulative Supplement,  
31 2024, is amended to read:

1           18-1208   ~~(1) Except as otherwise provided in this section, after~~  
2   ~~July 19, 2012, a municipality may impose a new occupation tax or increase~~  
3   ~~the rate of an existing occupation tax, which new occupation tax or~~  
4   ~~increased rate of an existing occupation tax is projected to generate~~  
5   ~~annual occupation tax revenue in excess of the applicable amount listed~~  
6   ~~in subsection (2) of this section, pursuant to section 14-109, 15-202,~~  
7   ~~15-203, 16-205, or 17-525 if the question of whether to impose the tax or~~  
8   ~~increase the rate of an existing occupation tax has been submitted at an~~  
9   ~~election held within the municipality and in which all registered voters~~  
10   ~~shall be entitled to vote on the question. The officials of the~~  
11   ~~municipality shall order the submission of the question by submitting a~~  
12   ~~certified copy of the resolution proposing the tax or tax rate increase~~  
13   ~~to the election commissioner or county clerk at least fifty days before~~  
14   ~~the election. The election shall be conducted in accordance with the~~  
15   ~~Election Act. If a majority of the votes cast upon the question are in~~  
16   ~~favor of the new tax or increased rate of an existing occupation tax,~~  
17   ~~then the governing body of such municipality shall be empowered to impose~~  
18   ~~the new tax or to impose the increased tax rate. If a majority of those~~  
19   ~~voting on the question are opposed to the new tax or increased rate, then~~  
20   ~~the governing body of the municipality shall not impose the new tax or~~  
21   ~~increased rate but shall maintain any existing occupation tax at its~~  
22   ~~current rate.~~

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

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

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

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

29   ~~and~~

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

1       ~~{3} After July 19, 2012, a municipality shall not be required to~~  
2       ~~submit the following questions to the registered voters:~~

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

6       ~~(b) Whether to terminate an occupation tax earlier than the~~  
7       ~~determinable termination date under the original question submitted to~~  
8       ~~the registered voters.~~

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

11       ~~{4} This section shall not apply to (a) an occupation tax subject to~~  
12       ~~section 86-704 or (b) a municipality imposing an occupation tax within~~  
13       ~~that portion of a good life district established pursuant to the Good~~  
14       ~~Life Transformational Projects Act which is located within the corporate~~  
15       ~~limits of such municipality if the good life district applicant has~~  
16       ~~approved of the occupation tax. The changes made in this subdivision by~~  
17       ~~Laws 2024, LB1317, shall not be construed to invalidate an occupation tax~~  
18       ~~imposed prior to April 24, 2024.~~

19       ~~{5} No later than ninety days after the end of the fiscal year, each~~  
20       ~~municipality that imposes a new occupation tax or increases the rate of~~  
21       ~~an existing any occupation tax on or after the operative date of this~~  
22       ~~section as provided under this section shall provide an annual report on~~  
23       ~~the collection and use of such occupation tax. The report shall be posted~~  
24       ~~on the municipality's public website or made available for public~~  
25       ~~inspection at a location designated by the municipality. The report shall~~  
26       ~~include, but not be limited to:~~

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

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

30       ~~(3) (c) Whether funds generated by each such occupation tax are~~  
31       ~~deposited in the general fund, cash funds, or other funds of the~~

1 municipality;

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

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

6       **Sec. 23.** Section 68-1201, Revised Statutes Cumulative Supplement,  
7 2024, is amended to read:

8       68-1201 (1) In determining eligibility for the program for aid to  
9 dependent children pursuant to section 43-512 as administered by the  
10 State of Nebraska pursuant to the federal Temporary Assistance for Needy  
11 Families program, 42 U.S.C. 601 et seq., for the low-income home energy  
12 assistance program administered by the State of Nebraska pursuant to the  
13 federal Energy Policy Act of 2005, 42 U.S.C. 8621 to 8630, for the  
14 Supplemental Nutrition Assistance Program administered by the State of  
15 Nebraska pursuant to the federal Food and Nutrition Act of 2008, 7 U.S.C.  
16 2011 et seq., and for the child care subsidy program established pursuant  
17 to section 68-1202, the following shall not be included in determining  
18 assets or income:

19       (a) Assets in or income from an educational savings account, a  
20 Coverdell educational savings account described in 26 U.S.C. 530, a  
21 qualified tuition program established pursuant to 26 U.S.C. 529, or any  
22 similar savings account or plan established to save for qualified higher  
23 education expenses as defined in section 41 of this act ~~85-1802~~;

24       (b) Income from scholarships or grants related to postsecondary  
25 education, whether merit-based, need-based, or a combination thereof;

26       (c) Income from postsecondary educational work-study programs,  
27 whether federally funded, funded by a postsecondary educational  
28 institution, or funded from any other source;

29       (d) Assets in or income from an account under a qualified program as  
30 provided in section 77-1402;

31       (e) Income received for participation in grant-funded research on

1 the impact that income has on the development of children in low-income  
2 families, except that such exclusion of income must not exceed four  
3 thousand dollars per year for a maximum of eight years and such exclusion  
4 shall only be made if the exclusion is permissible under federal law for  
5 each program referenced in this section. No such exclusion shall be made  
6 for such income on or after December 31, 2026; and

7 (f) Income from any tax credits received pursuant to the School  
8 Readiness Tax Credit Act.

9 (2) In determining eligibility for the program for aid to dependent  
10 children pursuant to section 43-512 as administered by the State of  
11 Nebraska pursuant to the federal Temporary Assistance for Needy Families  
12 program, 42 U.S.C. 601 et seq., passed-through child support as described  
13 in section 43-512.07, shall not be included in determining assets or  
14 income.

15 **Sec. 24.** Section 72-1239.01, Revised Statutes Cumulative Supplement,  
16 2024, is amended to read:

17 72-1239.01 (1)(a) The appointed members of the council shall have  
18 the responsibility for the investment management of the assets of the  
19 retirement systems administered by the Public Employees Retirement Board  
20 as provided in section 84-1503, the assets of the Nebraska educational  
21 savings plan trust as provided in section 45 of this act ~~created pursuant~~  
22 ~~to sections 85-1801 to 85-1817~~, the assets of the achieving a better life  
23 experience program pursuant to sections 77-1401 to 77-1409, and beginning  
24 January 1, 2017, the assets of each retirement system provided for under  
25 the Class V School Employees Retirement Act. Except as provided in  
26 subsection (4) of this section, the appointed members shall be deemed  
27 fiduciaries with respect to the investment of the assets of the  
28 retirement systems, of the Nebraska educational savings plan trust, and  
29 of the achieving a better life experience program and shall be held to  
30 the standard of conduct of a fiduciary specified in subsection (3) of  
31 this section. The nonvoting, ex officio members of the council shall not

1 be deemed fiduciaries.

2 (b) As fiduciaries, the appointed members of the council and the  
3 state investment officer shall discharge their duties with respect to the  
4 assets of the retirement systems, of the Nebraska educational savings  
5 plan trust, and of the achieving a better life experience program solely  
6 in the interests of the members and beneficiaries of the retirement  
7 systems or the interests of the participants and beneficiaries of the  
8 Nebraska educational savings plan trust and the achieving a better life  
9 experience program, as the case may be, for the exclusive purposes of  
10 providing benefits to members, members' beneficiaries, participants, and  
11 participants' beneficiaries and defraying reasonable expenses incurred  
12 within the limitations and according to the powers, duties, and purposes  
13 prescribed by law.

14 (2)(a) The appointed members of the council shall have the  
15 responsibility for the investment management of the assets of state  
16 funds. The appointed members shall be deemed fiduciaries with respect to  
17 the investment of the assets of state funds and shall be held to the  
18 standard of conduct of a fiduciary specified in subsection (3) of this  
19 section. The nonvoting, ex officio members of the council shall not be  
20 deemed fiduciaries.

21 (b) As fiduciaries, the appointed members of the council and the  
22 state investment officer shall discharge their duties with respect to the  
23 assets of state funds solely in the interests of the citizens of the  
24 state within the limitations and according to the powers, duties, and  
25 purposes prescribed by law.

26 (3) The appointed members of the council shall act with the care,  
27 skill, prudence, and diligence under the circumstances then prevailing  
28 that a prudent person acting in like capacity and familiar with such  
29 matters would use in the conduct of an enterprise of a like character and  
30 with like aims by diversifying the investments of the assets of the  
31 retirement systems, the Nebraska educational savings plan trust, the

1 achieving a better life experience program, and state funds so as to  
2 minimize risk of large losses, unless in light of such circumstances it  
3 is clearly prudent not to do so. No assets of the retirement systems, the  
4 Nebraska educational savings plan trust, or the achieving a better life  
5 experience program shall be invested or reinvested if the sole or primary  
6 investment objective is for economic development or social purposes or  
7 objectives.

8 (4) Neither the appointed members of the council nor the state  
9 investment officer shall be deemed fiduciaries with respect to  
10 investments of the assets of a retirement system provided for under the  
11 Class V School Employees Retirement Act made by or on behalf of the board  
12 of education as defined in section 79-978 or the board of trustees  
13 provided for in section 79-980. Neither the council nor any member  
14 thereof nor the state investment officer shall be liable for the action  
15 or inaction of the board of education or the board of trustees with  
16 respect to the investment of the assets of a retirement system provided  
17 for under the Class V School Employees Retirement Act, the consequences  
18 of any such action or inaction of the board of education or the board of  
19 trustees, and any claims, suits, losses, damages, fees, and costs related  
20 to such action or inaction or consequences thereof.

21 **Sec. 25.** Section 76-214, Revised Statutes Cumulative Supplement,  
22 2024, is amended to read:

23 76-214 (1) Except as provided in subsection (4) of this section,  
24 every grantee who has a deed to real estate recorded and every purchaser  
25 of real estate who has a memorandum of contract or land contract recorded  
26 shall, at the time such deed, memorandum of contract, or land contract is  
27 presented for recording, file with the register of deeds a completed  
28 statement as prescribed by the Tax Commissioner. For all deeds and all  
29 memoranda of contract and land contracts recorded on and after January 1,  
30 2001, the statement shall not require the social security number of the  
31 grantee or purchaser or the federal employer identification number of the



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

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

30 (b) The statement described in subsection (1) of this section shall  
31 not be required to be filed at the time that a transfer on death deed is

1 filed or at the time that an instrument of revocation of a transfer on  
2 death deed as described in subdivision (a)(1)(B) of section 76-3413 is  
3 filed.

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

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

17 **Sec. 26.** Section 77-202, Revised Statutes Cumulative Supplement,  
18 2024, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 biomass, or landfill gas as the fuel source includes, but is not limited  
2 to, wind turbines, rotors and blades, towers, solar panels, trackers,  
3 generating equipment, transmission components, substations, supporting  
4 structures or racks, inverters, and other system components such as  
5 wiring, control systems, switchgears, and generator step-up transformers.

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

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

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

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

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

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

18          (c) For purposes of this subsection:

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

24          (ii) Broadband equipment means machinery or equipment used to  
25 provide broadband communications service and includes, but is not limited  
26 to, wires, cables, fiber, conduits, antennas, poles, switches, routers,  
27 amplifiers, rectifiers, repeaters, receivers, multiplexers, duplexers,  
28 transmitters, circuit cards, insulating and protective materials and  
29 cases, power equipment, backup power equipment, diagnostic equipment,  
30 storage devices, modems, and other general central office or headend  
31 equipment, such as channel cards, frames, and cabinets, or equipment used



1 in successor technologies, including items used to monitor, test,  
2 maintain, enable, or facilitate qualifying equipment, machinery,  
3 software, ancillary components, appurtenances, accessories, or other  
4 infrastructure that is used in whole or in part to provide broadband  
5 communications service. Machinery or equipment used to produce broadband  
6 communications service does not include personal consumer electronics,  
7 including, but not limited to, smartphones, computers, and tablets; and

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

11 **Sec. 27.** Section 77-202.01, Revised Statutes Cumulative Supplement,  
12 2024, is amended to read:

13 77-202.01 (1) Any organization, ~~or society, or taxpayer~~ seeking a  
14 tax exemption provided in subdivision ~~subdivisions~~ (1)(c), and (d), or  
15 (f) of section 77-202 for any real or tangible personal property, except  
16 real property used for cemetery purposes, shall apply for exemption to  
17 the county assessor on or before December 31 of the year preceding the  
18 year for which the exemption is sought on forms prescribed by the Tax  
19 Commissioner. Applications that lack an estimated valuation, or any other  
20 required information, shall result in the denial of the requested  
21 exemption. The county assessor shall examine the application and  
22 recommend either taxable or exempt for the real property or tangible  
23 personal property to the county board of equalization on or before March  
24 1 following. For applications involving property described in subdivision  
25 (1)(d)(iii) or (iv) of section 77-202, the county assessor shall also  
26 calculate the exemption amount for the property and shall submit such  
27 calculation to the county board of equalization along with his or her  
28 recommendations. Notice that a list of the applications from  
29 organizations, societies, and taxpayers seeking tax exemption,  
30 descriptions of the property, and recommendations of the county assessor  
31 are available in the county assessor's office shall be published in a

1 newspaper of general circulation in the county at least ten days prior to  
2 consideration of any application by the county board of equalization.

3 (2) Any organization, ~~or society,~~ or taxpayer which fails to file an  
4 exemption application on or before December 31 may apply on or before  
5 June 30 to the county assessor. The organization, ~~or society,~~ or taxpayer  
6 shall also file in writing a request with the county board of  
7 equalization for a waiver so that the county assessor may consider the  
8 application for exemption. The county board of equalization shall grant  
9 the waiver upon a finding that good cause exists for the failure to make  
10 application on or before December 31. When the waiver is granted, the  
11 county assessor shall examine the application and recommend either  
12 taxable or exempt for the real property or tangible personal property to  
13 the county board of equalization, shall calculate the exemption amount  
14 for any property described in subdivision (1)(d)(iii) or (iv) of section  
15 77-202, and shall assess a penalty against the property of ten percent of  
16 the tax that would have been assessed had the waiver been denied or one  
17 hundred dollars, whichever is less, for each calendar month or fraction  
18 thereof for which the filing of the exemption application missed the  
19 December 31 deadline. The penalty shall be collected and distributed in  
20 the same manner as a tax on the property and interest shall be assessed  
21 at the rate specified in section 45-104.01, as such rate may from time to  
22 time be adjusted by the Legislature, from the date the tax would have  
23 been delinquent until paid. The penalty shall also become a lien in the  
24 same manner as a tax pursuant to section 77-203.

25 **Sec. 28.** Section 77-202.03, Revised Statutes Cumulative Supplement,  
26 2024, is amended to read:

27 77-202.03 (1) Except as provided in section 77-202.10 and subsection  
28 (2) of this section, a properly granted exemption of real or tangible  
29 personal property provided for in subdivisions (1)(c) and (d) of section  
30 77-202 shall continue for a period of four years if the statement of  
31 reaffirmation of exemption required by subsection (3) of this section is

1 filed when due. The four-year period shall begin with years evenly  
2 divisible by four. A properly granted exemption of real property provided  
3 for in subdivision (1)(f) of section 77-202 shall continue for the period  
4 described in section 4 of this act without the need to file any statement  
5 of reaffirmation of exemption under subsection (3) of this section.

6 (2) An owner of property which has been granted an exemption under  
7 subdivision (1)(d)(iii) or (iv) of section 77-202 shall be required to  
8 reapply for the exemption each year so that the exemption amount for the  
9 year can be recalculated.

10 (3) In each intervening year occurring between application years,  
11 the organization or society which filed the granted exemption application  
12 under subdivision (1)(c) or (d) of section 77-202 for the real or  
13 tangible personal property, except real property used for cemetery  
14 purposes and real property described in subdivision (1)(d)(iii) or (iv)  
15 of section 77-202, shall file a statement of reaffirmation of exemption  
16 with the county assessor on or before December 31 of the year preceding  
17 the year for which the exemption is sought, on forms prescribed by the  
18 Tax Commissioner, certifying that the ownership and use of the exempted  
19 property has not changed during the year. Any organization or society  
20 which misses the December 31 deadline for filing the statement of  
21 reaffirmation of exemption may file the statement of reaffirmation of  
22 exemption by June 30. Such filing shall maintain the tax-exempt status of  
23 the property without further action by the county and regardless of any  
24 previous action by the county board of equalization to deny the exemption  
25 due to late filing of the statement of reaffirmation of exemption. Upon  
26 any such late filing, the county assessor shall assess a penalty against  
27 the property of ten percent of the tax that would have been assessed had  
28 the statement of reaffirmation of exemption not been filed or one hundred  
29 dollars, whichever is less, for each calendar month or fraction thereof  
30 for which the filing of the statement of reaffirmation of exemption is  
31 late. The penalty shall be collected and distributed in the same manner

1 as a tax on the property and interest shall be assessed at the rate  
2 specified in section 45-104.01, as such rate may from time to time be  
3 adjusted by the Legislature, from the date the tax would have been  
4 delinquent until paid. The penalty shall also become a lien in the same  
5 manner as a tax pursuant to section 77-203.

6 (4)(a) If any organization, ~~or society, or taxpayer~~ seeks a tax  
7 exemption under subdivision (1)(c), (d), or (f) of section 77-202 for any  
8 real or tangible personal property acquired on or after January 1 of any  
9 year or converted to exempt use on or after January 1 of any year, the  
10 organization, ~~or society, or taxpayer~~ shall make application for  
11 exemption on or before July 1 of that year as provided in subsection (1)  
12 of section 77-202.01. The procedure for reviewing the application shall  
13 be as in sections 77-202.01 to 77-202.05, except that the exempt use  
14 shall be determined as of the date of application and the review by the  
15 county board of equalization shall be completed by August 15.

16 (b) If an organization as described in subdivision (1)(c) or (d) of  
17 section 77-202 purchases, between July 1 and the levy date, property that  
18 has been granted tax exemption and the property continues to be qualified  
19 for a property tax exemption, the purchaser shall on or before November  
20 15 make application for exemption as provided in section 77-202.01. The  
21 procedure for reviewing the application shall be as in sections 77-202.01  
22 to 77-202.05, and the review by the county board of equalization shall be  
23 completed by December 15.

24 (c) If a taxpayer purchases, between July 1 and the levy date,  
25 property described in subdivision (1)(f) of section 77-202 that has been  
26 granted tax exemption and the property continues to be qualified for a  
27 property tax exemption, the purchaser shall on or before November 15 make  
28 application for exemption as provided in section 77-202.01. The procedure  
29 for reviewing the application shall be as in sections 77-202.01 to  
30 77-202.05, and the review by the county board of equalization shall be  
31 completed by December 15.

1           (5) In any year, the county assessor or the county board of  
2 equalization may cause a review of any exemption to determine whether the  
3 exemption is proper. Such a review may be taken even if the ownership or  
4 use of the property has not changed from the date of the allowance of the  
5 exemption. If it is determined that a change in an exemption is  
6 warranted, the procedure for hearing set out in section 77-202.02 shall  
7 be followed, except that the published notice shall state that the list  
8 provided in the county assessor's office only includes those properties  
9 being reviewed. If an exemption is denied, the county board of  
10 equalization shall place the property on the tax rolls retroactive to  
11 January 1 of that year if on the date of the decision of the county board  
12 of equalization the property no longer qualifies for an exemption.

13           The county board of equalization shall give notice of the assessed  
14 value of the real property in the same manner as outlined in section  
15 77-1507, and the procedures for filing a protest shall be the same as  
16 those in section 77-1502.

17           When personal property which was exempt becomes taxable because of  
18 lost exemption status, the owner or his or her agent has thirty days  
19 after the date of denial to file a personal property return with the  
20 county assessor. Upon the expiration of the thirty days for filing a  
21 personal property return pursuant to this subsection, the county assessor  
22 shall proceed to list and value the personal property and apply the  
23 penalty pursuant to section 77-1233.04.

24           (6) During the month of September of each year, the county board of  
25 equalization shall cause to be published in a paper of general  
26 circulation in the county a list of all real estate in the county exempt  
27 from taxation for that year pursuant to subdivisions (1)(c), ~~and (d)~~, and  
28 (f) of section 77-202. Such list shall be grouped into categories as  
29 provided by the Property Tax Administrator. An electronic copy of the  
30 list of real property exemptions and a copy of the proof of publication  
31 shall be forwarded to the Property Tax Administrator on or before

1 November 1 of each year.

2 **Sec. 29.** Section 77-202.05, Revised Statutes Cumulative Supplement,  
3 2024, is amended to read:

4 77-202.05 The Tax Commissioner shall prescribe forms for  
5 distribution to the county assessors on which persons, corporations, and  
6 organizations may apply for tax-exempt status for real or tangible  
7 personal property. The forms shall include the following information:

8 (1) Name of owner or owners of the property, and if a corporation,  
9 the names of the officers and directors, and place of incorporation;

10 (2) Legal description of real property and a general description as  
11 to class and use of all tangible personal property;

12 (3) The precise statutory provision under which exempt status for  
13 such property is claimed; ~~and~~

14 (4) An estimated valuation for the property; ~~and~~ -

15 (5) For applications for tax-exempt status for property described in  
16 subdivision (1)(f) of section 77-202:

17 (a) Proof of the recorded easement; and

18 (b) Certification from the eligible holder, as defined in section 3  
19 of this act, confirming compliance with public access and connectivity  
20 requirements.

21 **Sec. 30.** Section 77-3,110, Revised Statutes Cumulative Supplement,  
22 2024, is amended to read:

23 77-3,110 (1) All funds received pursuant to sections 77-3,109 and  
24 77-3,118 shall be remitted to the State Treasurer for credit to the  
25 Department of Revenue Miscellaneous Receipts Fund which is hereby  
26 created.

27 ~~(2) On or before September 1, 2020, the State Treasurer shall~~  
28 ~~transfer fifty-nine thousand five hundred dollars from the College~~  
29 ~~Savings Plan Expense Fund to the Department of Revenue Miscellaneous~~  
30 ~~Receipts Fund.~~

31 (2) (3) All money in the Department of Revenue Miscellaneous

1   Receipts Fund shall be administered by the Department of Revenue and  
2   shall be used as follows: ~~(a) Any money transferred to the fund under~~  
3   ~~subsection (2) of this section shall be used by the Department of Revenue~~  
4   ~~to defray the costs incurred to implement Laws 2020, LB1042; and (b) All~~  
5   ~~other funds shall be used~~ to defray the cost of production of the  
6   publications listed in section 77-3,109 or of the listings described in  
7   section 77-3,118 and to carry out any administrative responsibilities of  
8   the department.

9       ~~(3) (4)~~ Transfers may be made from the fund to the General Fund at  
10   the direction of the Legislature. Any money in the Department of Revenue  
11   Miscellaneous Receipts Fund available for investment shall be invested by  
12   the state investment officer pursuant to the Nebraska Capital Expansion  
13   Act and the Nebraska State Funds Investment Act.

14       **Sec. 31.** Section 77-1613, Reissue Revised Statutes of Nebraska, is  
15   amended to read:

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

28       **Sec. 32.** Section 77-1631, Revised Statutes Cumulative Supplement,  
29   2024, is amended to read:

30       77-1631 For purposes of the Property Tax Request Act:

31       (1) Allowable growth percentage means a percentage equal to the sum

1 of (a) two percent plus (b) the political subdivision's real growth  
2 percentage;

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

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

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

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

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

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

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



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

4       **Sec. 33.** Section 77-1701, Revised Statutes Cumulative Supplement,  
5 2024, is amended to read:

6       77-1701 (1) The county treasurer shall be ex officio county  
7 collector of all taxes levied within the county. The county board shall  
8 designate a county official to mail or otherwise deliver a statement of  
9 the amount of taxes due and a notice that special assessments are due, to  
10 the last-known address of the person, firm, association, or corporation  
11 against whom such taxes or special assessments are assessed or to the  
12 lending institution or other party responsible for paying such taxes or  
13 special assessments. Such statement shall clearly indicate, for each  
14 political subdivision, ~~the levy rate and the amount of property taxes due~~  
15 ~~to fund any and all public safety services as defined in section 13-320,~~  
16 ~~county attorneys, and public defenders, regardless of whether such amount~~  
17 ~~is taken as an exception to the political subdivision's property tax~~  
18 ~~request authority under section 13-3404.~~ Such statement shall also  
19 clearly indicate, for each political subdivision, the levy rate and the  
20 amount of taxes due as the result of principal or interest payments on  
21 bonds issued by the political subdivision and shall show such rate and  
22 amount separate from any other levy. When taxes on real property are  
23 delinquent for a prior year, the county treasurer shall indicate this  
24 information on the current year tax statement in bold letters. The  
25 information provided shall inform the taxpayer that delinquent taxes and  
26 interest are due for the prior year or years and shall indicate the  
27 specific year or years for which such taxes and interest remain unpaid.  
28 The language shall read "Back Taxes and Interest Due For", followed by  
29 numbers to indicate each year for which back taxes and interest are due  
30 and a statement indicating that failure to pay the back taxes and  
31 interest may result in the loss of the real property. Failure to receive

1 such statement or notice shall not relieve the taxpayer from any  
2 liability to pay such taxes or special assessments and any interest or  
3 penalties accrued thereon. In any county in which a city of the  
4 metropolitan class is located, all statements of taxes shall also include  
5 notice that special assessments for cutting weeds, removing litter, and  
6 demolishing buildings are due.

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

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

23 **Sec. 34.** Section 77-2715.07, Revised Statutes Cumulative Supplement,  
24 2024, is amended to read:

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

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

30 (b) A credit for taxes paid to another state as provided in section  
31 77-2730.

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

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

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

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

1 2006, under the Internal Revenue Code of 1986, as amended;

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

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

16 (3) There shall be allowed to all individuals as a nonrefundable  
17 credit against the income tax imposed by the Nebraska Revenue Act of  
18 1967:

19 (a) A credit for personal exemptions allowed under section  
20 77-2716.01;

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

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

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

1 Act;

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

4 (f) A credit to employers as provided in sections 77-27,238 and  
5 77-27,240;

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

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

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

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

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

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

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

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

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

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

1 section 77-5211.

2 (5)(a) For all taxable years beginning on or after January 1, 2007,  
3 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
4 amended, there shall be allowed to each partner, shareholder, member, or  
5 beneficiary of a partnership, subchapter S corporation, limited liability  
6 company, or estate or trust a nonrefundable credit against the income tax  
7 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
8 partner's, shareholder's, member's, or beneficiary's portion of the  
9 amount of franchise tax paid to the state under sections 77-3801 to  
10 77-3807 by a financial institution.

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

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

25 (6) There shall be allowed to all individuals nonrefundable credits  
26 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
27 provided in section 77-3604 and refundable credits against the income tax  
28 imposed by the Nebraska Revenue Act of 1967 as provided in section  
29 77-3605.

30 (7)(a) For taxable years beginning or deemed to begin on or after  
31 January 1, 2020, and before January 1, 2032 ~~2026~~, under the Internal

1 Revenue Code of 1986, as amended, a nonrefundable credit against the  
2 income tax imposed by the Nebraska Revenue Act of 1967 in the amount of  
3 five thousand dollars shall be allowed to any individual who purchases a  
4 residence during the taxable year if such residence:

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

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

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

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

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

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

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

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

30 (9)(a) For taxable years beginning or deemed to begin on or after  
31 January 1, 2022, under the Internal Revenue Code of 1986, as amended, a

1 refundable credit against the income tax imposed by the Nebraska Revenue  
2 Act of 1967 shall be allowed to the parent of a stillborn child if:

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

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

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

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

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

12 (10) There shall be allowed to all individuals refundable credits  
13 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
14 provided in section 77-7203 and nonrefundable credits against the income  
15 tax imposed by the Nebraska Revenue Act of 1967 as provided in section  
16 77-7204.

17 (11) There shall be allowed to all individuals refundable credits  
18 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
19 provided in section 77-3157 and nonrefundable credits against the income  
20 tax imposed by the Nebraska Revenue Act of 1967 as provided in sections  
21 77-3156, 77-3158, and 77-3159.

22 **Sec. 35.** Section 77-2716, Revised Statutes Cumulative Supplement,  
23 2024, is amended to read:

24 77-2716 (1) The following adjustments to federal adjusted gross  
25 income or, for corporations and fiduciaries, federal taxable income shall  
26 be made for interest or dividends received:

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



1 United States; and

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

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

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

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

23 (e)(i) Any amount subtracted under this subsection shall be reduced  
24 by any interest on indebtedness incurred to carry the obligations or  
25 securities described in this subsection or the investment in the  
26 regulated investment company and by any expenses incurred in the  
27 production of interest or dividend income described in this subsection to  
28 the extent that such expenses, including amortizable bond premiums, are  
29 deductible in determining federal taxable income.

30 (ii) Any amount added under this subsection shall be reduced by any  
31 expenses incurred in the production of such income to the extent

1 disallowed in the computation of federal taxable income.

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

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

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

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

31 (6) There shall be subtracted from federal taxable income a portion

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

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

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

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

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

22 (8)(a) Federal adjusted gross income or, for corporations and  
23 fiduciaries, federal taxable income shall be reduced, to the extent  
24 included, by income from interest, earnings, and state contributions  
25 received from the Nebraska educational savings plan trust as provided  
26 created in sections 40 85-1801 to 55 of this act 85-1817 and any account  
27 established under the achieving a better life experience program as  
28 provided in sections 77-1401 to 77-1409.

29 (b) Federal adjusted gross income or, for corporations and  
30 fiduciaries, federal taxable income shall be reduced by any contributions  
31 as a participant in the Nebraska educational savings plan trust or

1 contributions to an account established under the achieving a better life  
2 experience program made for the benefit of a beneficiary as provided in  
3 sections 77-1401 to 77-1409, to the extent not deducted for federal  
4 income tax purposes, but not to exceed five thousand dollars per married  
5 filing separate return or ten thousand dollars for any other return. With  
6 respect to a qualified rollover within the meaning of section 529 of the  
7 Internal Revenue Code from another state's plan, any interest, earnings,  
8 and state contributions received from the other state's educational  
9 savings plan which is qualified under section 529 of the code shall  
10 qualify for the reduction provided in this subdivision. For contributions  
11 by a custodian of a custodial account including rollovers from another  
12 custodial account, the reduction shall only apply to funds added to the  
13 custodial account after January 1, 2014.

14 (c) For taxable years beginning or deemed to begin on or after  
15 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
16 federal adjusted gross income shall be reduced, to the extent included in  
17 the adjusted gross income of an individual, by the amount of any  
18 contribution made by the individual's employer into an account under the  
19 Nebraska educational savings plan trust owned by the individual, not to  
20 exceed five thousand dollars per married filing separate return or ten  
21 thousand dollars for any other return.

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

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

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

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

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

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

22           (d) The amount of bonus depreciation added to federal adjusted gross  
23 income or, for corporations and fiduciaries, federal taxable income by  
24 this subsection shall be subtracted in a later taxable year. Twenty  
25 percent of the total amount of bonus depreciation added back by this  
26 subsection for tax years beginning or deemed to begin before January 1,  
27 2003, under the Internal Revenue Code of 1986, as amended, may be  
28 subtracted in the first taxable year beginning or deemed to begin on or  
29 after January 1, 2005, under the Internal Revenue Code of 1986, as  
30 amended, and twenty percent in each of the next four following taxable  
31 years. Twenty percent of the total amount of bonus depreciation added

1 back by this subsection for tax years beginning or deemed to begin on or  
2 after January 1, 2003, may be subtracted in the first taxable year  
3 beginning or deemed to begin on or after January 1, 2006, under the  
4 Internal Revenue Code of 1986, as amended, and twenty percent in each of  
5 the next four following taxable years.

6 (10) For taxable years beginning or deemed to begin on or after  
7 January 1, 2003, and before January 1, 2006, under the Internal Revenue  
8 Code of 1986, as amended, federal adjusted gross income or, for  
9 corporations and fiduciaries, federal taxable income shall be increased  
10 by the amount of any capital investment that is expensed under section  
11 179 of the Internal Revenue Code of 1986, as amended, that is in excess  
12 of twenty-five thousand dollars that is allowed under the federal Jobs  
13 and Growth Tax Act of 2003. Twenty percent of the total amount of  
14 expensing added back by this subsection for tax years beginning or deemed  
15 to begin on or after January 1, 2003, may be subtracted in the first  
16 taxable year beginning or deemed to begin on or after January 1, 2006,  
17 under the Internal Revenue Code of 1986, as amended, and twenty percent  
18 in each of the next four following tax years.

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

27 (b) For taxable years beginning or deemed to begin before January 1,  
28 2018, under the Internal Revenue Code of 1986, as amended, federal  
29 adjusted gross income shall be increased by the withdrawals made as a  
30 participant in the Nebraska long-term care savings plan under the act by  
31 a person who is not a qualified individual or for any reason other than

1 transfer of funds to a spouse, long-term care expenses, long-term care  
2 insurance premiums, or death of the participant, including withdrawals  
3 made by reason of cancellation of the participation agreement, to the  
4 extent previously deducted as a contribution or as investment earnings.

5 (12) There shall be added to federal adjusted gross income for  
6 individuals, estates, and trusts any amount taken as a credit for  
7 franchise tax paid by a financial institution under sections 77-3801 to  
8 77-3807 as allowed by subsection (5) of section 77-2715.07.

9 (13)(a) For taxable years beginning or deemed to begin on or after  
10 January 1, 2015, and before January 1, 2024, under the Internal Revenue  
11 Code of 1986, as amended, federal adjusted gross income shall be reduced  
12 by the amount received as benefits under the federal Social Security Act  
13 which are included in the federal adjusted gross income if:

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

16 (ii) For taxpayers filing any other return, federal adjusted gross  
17 income is forty-three thousand dollars or less.

18 (b) For taxable years beginning or deemed to begin on or after  
19 January 1, 2020, and before January 1, 2024, under the Internal Revenue  
20 Code of 1986, as amended, the Tax Commissioner shall adjust the dollar  
21 amounts provided in subdivisions (13)(a)(i) and (ii) of this section by  
22 the same percentage used to adjust individual income tax brackets under  
23 subsection (3) of section 77-2715.03.

24 (c) For taxable years beginning or deemed to begin on or after  
25 January 1, 2021, and before January 1, 2024, under the Internal Revenue  
26 Code of 1986, as amended, a taxpayer may claim the reduction to federal  
27 adjusted gross income allowed under this subsection or the reduction to  
28 federal adjusted gross income allowed under subsection (14) of this  
29 section, whichever provides the greater reduction.

30 (14)(a) For taxable years beginning or deemed to begin on or after  
31 January 1, 2021, under the Internal Revenue Code of 1986, as amended,

1 federal adjusted gross income shall be reduced by a percentage of the  
2 social security benefits that are received and included in federal  
3 adjusted gross income. The pertinent percentage shall be:

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

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

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

13 (iv) One hundred percent for taxable years beginning or deemed to  
14 begin on or after January 1, 2024, under the Internal Revenue Code of  
15 1986, as amended.

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

18 (c) For taxable years beginning or deemed to begin on or after  
19 January 1, 2021, and before January 1, 2024, under the Internal Revenue  
20 Code of 1986, as amended, a taxpayer may claim the reduction to federal  
21 adjusted gross income allowed under this subsection or the reduction to  
22 federal adjusted gross income allowed under subsection (13) of this  
23 section, whichever provides the greater reduction.

24 (15)(a) For taxable years beginning or deemed to begin on or after  
25 January 1, 2015, and before January 1, 2022, under the Internal Revenue  
26 Code of 1986, as amended, an individual may make a one-time election  
27 within two calendar years after the date of his or her retirement from  
28 the military to exclude income received as a military retirement benefit  
29 by the individual to the extent included in federal adjusted gross income  
30 and as provided in this subdivision. The individual may elect to exclude  
31 forty percent of his or her military retirement benefit income for seven



1 consecutive taxable years beginning with the year in which the election  
2 is made or may elect to exclude fifteen percent of his or her military  
3 retirement benefit income for all taxable years beginning with the year  
4 in which he or she turns sixty-seven years of age.

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

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

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

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

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

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

31 (18) There shall be subtracted from the federal adjusted gross

1 income of individuals any amount received by the individual as student  
2 loan repayment assistance under the Teach in Nebraska Today Act, to the  
3 extent such amount is included in federal adjusted gross income.

4 (19) For taxable years beginning or deemed to begin on or after  
5 January 1, 2023, under the Internal Revenue Code of 1986, as amended, a  
6 retired individual who was employed full time as a firefighter or  
7 certified law enforcement officer for at least twenty years and who is at  
8 least sixty years of age as of the end of the taxable year may reduce his  
9 or her federal adjusted gross income by the amount of health insurance  
10 premiums paid by such individual during the taxable year, to the extent  
11 such premiums were not already deducted in determining the individual's  
12 federal adjusted gross income.

13 (20) For taxable years beginning or deemed to begin on or after  
14 January 1, 2024, under the Internal Revenue Code of 1986, as amended, an  
15 individual may reduce his or her federal adjusted gross income by the  
16 amounts received as annuities under the Civil Service Retirement System  
17 which were earned for being employed by the federal government, to the  
18 extent such amounts are included in federal adjusted gross income.

19 (21) For taxable years beginning or deemed to begin on or after  
20 January 1, 2025, under the Internal Revenue Code of 1986, as amended, an  
21 individual who is a member of the Nebraska National Guard may exclude one  
22 hundred percent of the income received from any of the following sources  
23 to the extent such income is included in the individual's federal  
24 adjusted gross income:

25 (a) Serving in a 32 U.S.C. duty status such as members attending  
26 drills, annual training, and military schools and members who are serving  
27 in a 32 U.S.C. active guard reserve or active duty for operational  
28 support duty status;

29 (b) Employment as a 32 U.S.C. federal dual-status technician with  
30 the Nebraska National Guard; or

31 (c) Serving in a state active duty status.

1           (22)(a) For taxable years beginning or deemed to begin on or after  
2 January 1, 2024, under the Internal Revenue Code of 1986, as amended, an  
3 individual may reduce his or her federal adjusted gross income by the  
4 amount of interest and principal balance of medical debt discharged under  
5 the Medical Debt Relief Act, to the extent included in such individual's  
6 federal adjusted gross income.

7           (b) For taxable years beginning or deemed to begin on or after  
8 January 1, 2024, under the Internal Revenue Code of 1986, as amended,  
9 federal adjusted gross income or, for corporations and fiduciaries,  
10 federal taxable income shall be reduced by the amount of contributions  
11 made to the Medical Debt Relief Fund, to the extent not deducted for  
12 federal income tax purposes.

13           (23) For taxable years beginning or deemed to begin on or after  
14 January 1, 2025, under the Internal Revenue Code of 1986, as amended, an  
15 individual who is a qualifying employee as defined in section 77-3108 may  
16 reduce his or her federal adjusted gross income by the amount allowed  
17 under section 77-3111.

18           (24) For taxable years beginning or deemed to begin on or after  
19 January 1, 2026, under the Internal Revenue Code of 1986, as amended,  
20 federal adjusted gross income or, for corporations and fiduciaries,  
21 federal taxable income shall be reduced by the amounts allowed to be  
22 deducted pursuant to section 77-27,242.

23           (25) There shall be added to federal adjusted gross income or, for  
24 corporations and fiduciaries, federal taxable income for all taxable  
25 years beginning on or after January 1, 2025, the amount of any net  
26 capital loss that is derived from the sale or exchange of gold or silver  
27 bullion to the extent such loss is included in federal adjusted gross  
28 income except that such loss shall not be added if the loss is derived  
29 from the sale of bullion as a taxable distribution from any retirement  
30 plan account that holds gold or silver bullion. For the purposes of this  
31 subsection, bullion has the same meaning as in section 77-2704.66.

1           (26) There shall be subtracted from federal adjusted gross income  
2 or, for corporations and fiduciaries, federal taxable income for all  
3 taxable years beginning on or after January 1, 2025, the amount of any  
4 net capital gain that is derived from the sale or exchange of gold or  
5 silver bullion to the extent such gain is included in federal adjusted  
6 gross income except that such gain shall not be subtracted if the gain is  
7 derived from the sale of bullion as a taxable distribution from any  
8 retirement plan account that holds gold or silver bullion. For the  
9 purposes of this subsection, bullion has the same meaning as in section  
10 77-2704.66.

11           **Sec. 36.** Section 77-2727, Revised Statutes Cumulative Supplement,  
12 2024, is amended to read:

13           77-2727 (1) Except as provided in subsection (6) of this section and  
14 subsection (5) of section 77-2775, a partnership as such shall not be  
15 subject to the income tax imposed by the Nebraska Revenue Act of 1967.  
16 Persons or their authorized representatives carrying on business as  
17 partners shall be liable for the income tax imposed by the Nebraska  
18 Revenue Act of 1967 only in their separate or individual capacities.

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

22           (3) If any partner of such partnership is a nonresident individual  
23 during any part of the partnership's reporting year, he or she shall file  
24 a Nebraska income tax return which shall include in Nebraska adjusted  
25 gross income that portion of the partnership's Nebraska income, as  
26 determined under the provisions of sections 77-2728 and 77-2729,  
27 allocable to his or her interest in the partnership and shall execute and  
28 forward to the partnership, on or before the original due date of the  
29 Nebraska partnership return, an agreement which states that he or she  
30 will file a Nebraska income tax return and pay income tax on all income  
31 derived from or attributable to sources in this state, and such agreement

1 shall be attached to the partnership's Nebraska return for such reporting  
2 year.

3 (4)(a) Except as provided in subdivision (c) of this subsection, in  
4 the absence of the nonresident individual partner's executed agreement  
5 being attached to the Nebraska partnership return, the partnership shall  
6 remit a portion of such partner's income which was derived from or  
7 attributable to Nebraska sources with its Nebraska return for the  
8 reporting year. For tax years beginning or deemed to begin before January  
9 1, 2013, the amount of remittance, in such instance, shall be the highest  
10 individual income tax rate determined under section 77-2715.02 multiplied  
11 by the nonresident individual partner's share of the partnership income  
12 which was derived from or attributable to sources within this state. For  
13 tax years beginning or deemed to begin on or after January 1, 2013, the  
14 amount of remittance, in such instance, shall be the highest individual  
15 income tax rate determined under section 77-2715.03 multiplied by the  
16 nonresident individual partner's share of the partnership income which  
17 was derived from or attributable to sources within this state.

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

20 (c) Subdivision (a) of this subsection does not apply to a publicly  
21 traded partnership as defined by section 7704(b) of the Internal Revenue  
22 Code of 1986, as amended, that is treated as a partnership for the  
23 purposes of the code and that has agreed to file an annual information  
24 return with the Department of Revenue reporting the name, address,  
25 taxpayer identification number, and other information requested by the  
26 department of each unit holder with an income in the state in excess of  
27 five hundred dollars.

28 (5) The Tax Commissioner may allow a nonresident individual partner  
29 to not file a Nebraska income tax return if the nonresident individual  
30 partner's only source of Nebraska income was his or her share of the  
31 partnership's income which was derived from or attributable to sources

1 within this state, the nonresident did not file an agreement to file a  
2 Nebraska income tax return, and the partnership has remitted the amount  
3 required by subsection (4) of this section on behalf of such nonresident  
4 individual partner. The amount remitted shall be retained in satisfaction  
5 of the Nebraska income tax liability of the nonresident individual  
6 partner.

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

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

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

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

28 (d) Except as provided in subdivision (e) of this subsection, the  
29 partners of an electing partnership shall ~~must~~ file a Nebraska return to  
30 report their pro rata or distributive share of the income of the electing  
31 partnership in accordance with the Nebraska Revenue Act of 1967, as

1 applicable. In determining the sum of its pro rata or distributive share  
2 and computing the tax under this subsection, an electing partnership  
3 shall add back any amount of Nebraska income tax imposed under the  
4 Nebraska Revenue Act of 1967 and deducted by the electing partnership for  
5 federal income tax purposes under section 164 of the Internal Revenue  
6 Code;

7 (e) A nonresident individual who is a partner of an electing  
8 partnership shall not be required to file a Nebraska tax return for a  
9 taxable year if, for such taxable year, the only source of income derived  
10 from or connected with sources within this state for such partner, or for  
11 the partner and the partner's spouse if a joint federal income tax return  
12 is filed, is from one or more electing partnerships or electing small  
13 business corporations as defined in subdivision (9)(a) of section  
14 77-2734.01 for such taxable year and such nonresident individual  
15 partner's tax under the Nebraska Revenue Act of 1967 would be fully  
16 satisfied by the credit allowed to such partner under subdivision (g) of  
17 this subsection;

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

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

28 (ii) In the case of a partnership or small business corporation that  
29 is a partner of an electing partnership, the refundable credit under this  
30 subdivision (g) shall (A) be allowed to its partners or shareholders in  
31 accordance with the determination of income and distributive share of the

1 Nebraska income tax paid by the electing partnership or (B) be applied  
2 against the partner's tax, interest, and penalty. Any excess credit  
3 deemed an overpayment may be refunded or applied to the subsequent tax  
4 year;

5 (iii) If a partnership making the election under this subsection is  
6 a partner of another electing partnership, net income shall be computed  
7 as provided in subsection (1) of this section. The upper tier electing  
8 partnership shall claim a credit for the tax paid by the lower tier  
9 electing partnership. The upper tier electing partnership shall  
10 distribute out the pro rata or distributive share of the credits to its  
11 partners for tax paid under this subsection by all tiers of electing  
12 partnerships. As used in this subdivision, the term lower tier electing  
13 partnership means an electing partnership in which some or all of the  
14 partners are an electing partnership. The term upper tier electing  
15 partnership means an electing partnership that is a partner of a lower  
16 tier electing partnership. An electing partnership may have two or more  
17 tiers; and

18 (h)(i) For tax years beginning or deemed to begin on or after  
19 January 1, 2018, but prior to January 1, 2023, the electing partnership  
20 shall ~~must~~ make the election under this subsection on or after January 1,  
21 2023, but before December 31, 2025, in the form and manner prescribed by  
22 the Tax Commissioner for all years for which the election under this  
23 subsection is made on behalf of the electing partnership. The Tax  
24 Commissioner shall establish the form and manner, which shall not include  
25 any changes to the past returns other than those that are directly  
26 related to the election under this subsection.

27 (ii) Notwithstanding any other provision of law, if an electing  
28 partnership files in the form and manner as specified in subdivision (h)  
29 (i) of this subsection, the deadline for filing a claim for credit or  
30 refund prescribed in section 77-2793 shall be extended for affected  
31 partners of the electing partnership until the timeframe specified in



1 section 77-2793 or January 31, 2026, whichever is later. The resulting  
2 claim of refund for tax years beginning prior to January 1, 2023, shall  
3 be submitted in the form and manner as prescribed by the Tax  
4 Commissioner. Neither the electing partnership nor its partners shall  
5 incur any penalties for late filing nor owe interest on such amounts. The  
6 Tax Commissioner shall not be required to pay interest on any amounts  
7 owed to the partners resulting from such refund claims.

8 (iii) Notwithstanding the dates provided in subdivision (h)(i) of  
9 this subsection, the Tax Commissioner shall have one year from the date  
10 an electing partnership files in the form and manner as specified in  
11 subdivision (h)(i) of this subsection to review and make a written  
12 proposed deficiency determination in accordance with section 77-2786. Any  
13 notice of deficiency determination made as specified in this subdivision  
14 may be enforced at any time within six years from the date of the notice  
15 of deficiency determination.

16 (7) For purposes of this section:

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

20 (b) Eligible partnership means any partnership as provided for in  
21 section 7701(a)(2) of the Internal Revenue Code that has a filing  
22 requirement under the Nebraska Revenue Act of 1967 other than a publicly  
23 traded partnership as defined in section 7704 of the Internal Revenue  
24 Code. An eligible partnership includes any entity, including a limited  
25 liability company, treated as a partnership for federal income tax  
26 purposes that otherwise meets the requirements of this subdivision.

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

30 **Sec. 37.** Section 77-2734.01, Revised Statutes Cumulative Supplement,  
31 2024, is amended to read:

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

21           (2) The income of any small business corporation having an election  
22 in effect under subchapter S of the Internal Revenue Code or limited  
23 liability company organized pursuant to the Nebraska Uniform Limited  
24 Liability Company Act that is derived from or connected with Nebraska  
25 sources shall be determined in the following manner:

26           (a) If the small business corporation is a member of a unitary  
27 group, the small business corporation shall be deemed to be doing  
28 business within this state if any part of its income is derived from  
29 transactions with other members of the unitary group doing business  
30 within this state, and such corporation shall apportion its income by  
31 using the apportionment factor determined for the entire unitary group,

1 including the small business corporation, under sections 77-2734.05 to  
2 77-2734.15;

3 (b) If the small business corporation or limited liability company  
4 is not a member of a unitary group and is subject to tax in another  
5 state, it shall apportion its income under sections 77-2734.05 to  
6 77-2734.15; and

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

10 (3) Nonresidents of Nebraska who are shareholders of such  
11 corporations or members of such limited liability companies shall file a  
12 Nebraska income tax return and shall include in Nebraska adjusted gross  
13 income their proportionate share of the corporation's or limited  
14 liability company's Nebraska income as determined under subsection (2) of  
15 this section.

16 (4) The nonresident shareholder or member shall execute and forward  
17 to the corporation or limited liability company before the filing of the  
18 corporation's or limited liability company's return an agreement which  
19 states he or she will file a Nebraska income tax return and pay the tax  
20 on the income derived from or connected with sources in this state, and  
21 such agreement shall be attached to the corporation's or limited  
22 liability company's Nebraska return for such taxable year.

23 (5) For taxable years beginning or deemed to begin before January 1,  
24 2013, in the absence of the nonresident shareholder's or member's  
25 executed agreement being attached to the Nebraska return, the corporation  
26 or limited liability company shall remit with the return an amount equal  
27 to the highest individual income tax rate determined under section  
28 77-2715.02 multiplied by the nonresident shareholder's or member's share  
29 of the corporation's or limited liability company's income which was  
30 derived from or attributable to this state. For taxable years beginning  
31 or deemed to begin on or after January 1, 2013, in the absence of the

1 nonresident shareholder's or member's executed agreement being attached  
2 to the Nebraska return, the corporation or limited liability company  
3 shall remit with the return an amount equal to the highest individual  
4 income tax rate determined under section 77-2715.03 multiplied by the  
5 nonresident shareholder's or member's share of the corporation's or  
6 limited liability company's income which was derived from or attributable  
7 to this state. The amount remitted shall be allowed as a credit against  
8 the Nebraska income tax liability of the shareholder or member.

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

21 (7) A small business corporation or limited liability company return  
22 shall be filed if the small business corporation or limited liability  
23 company has income derived from Nebraska sources.

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

25 (a) For tax years beginning or deemed to begin on or after January  
26 1, 2018, a small business corporation may annually make an irrevocable  
27 election to pay the taxes, interest, or penalties levied by the Nebraska  
28 Revenue Act of 1967 at the entity level for the taxable period covered by  
29 such return. For tax years beginning on or after January 1, 2023, such  
30 election may be made on the applicable income tax return and shall ~~must~~  
31 be made on or before the due date for filing the applicable income tax

1 return, including any extensions that have been granted;

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

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

15 (d) Except as provided in subdivision (e) of this subsection, the  
16 shareholders of an electing small business corporation shall ~~must~~ file a  
17 Nebraska return to report their pro rata or distributive share of the  
18 income of the electing small business corporation in accordance with the  
19 Nebraska Revenue Act of 1967, as applicable. In determining the sum of  
20 its pro rata or distributive share and computing the tax under this  
21 subsection, an electing small business corporation shall add back any  
22 amount of Nebraska income tax imposed under the Nebraska Revenue Act of  
23 1967 and deducted by the electing small business corporation for federal  
24 income tax purposes under section 164 of the Internal Revenue Code;

25 (e) A nonresident individual who is a shareholder of an electing  
26 small business corporation shall not be required to file a Nebraska tax  
27 return for a taxable year if, for such taxable year, the only source of  
28 income derived from or connected with sources within this state for such  
29 shareholder, or for the shareholder and the shareholder's spouse if a  
30 joint federal income tax return is filed, is from one or more electing  
31 small business corporations or electing partnerships as defined in

1 subdivision (7)(a) of section 77-2727 for such taxable year and such  
2 nonresident individual shareholder's tax under the Nebraska Revenue Act  
3 of 1967 would be fully satisfied by the credit allowed to such  
4 shareholder under subdivision (g) of this subsection;

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

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

15 (h)(i) For tax years beginning or deemed to begin on or after  
16 January 1, 2018, but prior to January 1, 2023, the electing small  
17 business corporation shall ~~must~~ make the election under this subsection  
18 on or after January 1, 2023, but before December 31, 2025, in the form  
19 and manner prescribed by the Tax Commissioner for all years for which the  
20 election under this subsection is made on behalf of the electing small  
21 business corporation. The Tax Commissioner shall establish the form and  
22 manner, which shall not include any changes to the past returns other  
23 than those that are directly related to the election under this  
24 subsection.

25 (ii) Notwithstanding any other provision of law, if an electing  
26 small business corporation files in the form and manner as specified in  
27 subdivision (h)(i) of this subsection, the deadline for filing a claim  
28 for credit or refund prescribed in section 77-2793 shall be extended for  
29 affected shareholders of the electing small business corporation until  
30 the timeframe specified in section 77-2793 or January 31, 2026, whichever  
31 is later. The resulting claim of refund for tax years beginning prior to

1 January 1, 2023, shall be submitted in the form and manner as prescribed  
2 by the Tax Commissioner. Neither the electing small business corporation  
3 nor its shareholders shall incur any penalties for late filing nor owe  
4 interest on such amounts. The Tax Commissioner shall not be required to  
5 pay interest on any amounts owed to the shareholders resulting from such  
6 refund claims.

7 (iii) Notwithstanding the dates provided in subdivision (h)(i) of  
8 this subsection, the Tax Commissioner shall have one year from the date  
9 an electing small business corporation files in the form and manner as  
10 specified in subdivision (h)(i) of this subsection to review and make a  
11 written proposed deficiency determination in accordance with section  
12 77-2786. Any notice of deficiency determination made as specified in this  
13 subdivision may be enforced at any time within six years from the date of  
14 the notice of deficiency determination.

15 (9) For purposes of this section:

16 (a) Electing small business corporation means, with respect to a  
17 taxable period, an eligible small business corporation having an election  
18 in effect under subchapter S of the Internal Revenue Code that has made  
19 an election pursuant to subsection (8) of this section with respect to  
20 such taxable period; and

21 (b) Eligible small business corporation means an entity subject to  
22 taxation under subchapter S of the Internal Revenue Code and the  
23 regulations thereunder.

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

28 **Sec. 38.** Section 77-2776, Revised Statutes Cumulative Supplement,  
29 2024, is amended to read:

30 77-2776 (1) As soon as practical after an income tax return is  
31 filed, the Tax Commissioner shall examine it to determine the correct

1 amount of tax. If the Tax Commissioner finds that the amount of tax shown  
2 on the return is less than the correct amount, he or she shall notify the  
3 taxpayer of the amount of the deficiency proposed to be assessed. If the  
4 Tax Commissioner finds that the tax paid is more than the correct amount,  
5 he or she shall credit the overpayment against any taxes due by the  
6 taxpayer and refund the difference. The Tax Commissioner shall, upon  
7 request, make prompt assessment of taxes due as provided by the laws of  
8 the United States for federal income tax purposes.

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

13 (3) A notice of deficiency shall set forth the reason for the  
14 proposed assessment or for the change in the amount of credit or loss to  
15 be carried over to another year. The notice shall include a written  
16 statement containing the details of the facts, circumstances, and reasons  
17 the Tax Commissioner used to determine that the taxpayer did not report  
18 the correct amount of tax. The notice may be mailed to the taxpayer at  
19 his or her last-known address. In the case of a joint return, the notice  
20 of deficiency may be a single joint notice, except that if the Tax  
21 Commissioner is notified by either spouse that separate residences have  
22 been established, the Tax Commissioner shall mail joint notices to each  
23 spouse. If the taxpayer is deceased or under a legal disability, a notice  
24 of deficiency may be mailed to his or her last-known address unless the  
25 Tax Commissioner has received notice of the existence of a fiduciary  
26 relationship with respect to such taxpayer.

27 (4) A notice of deficiency regarding an item of entity income may be  
28 mailed to the entity at its last-known address or to the address of the  
29 entity's tax matters person for federal income tax purposes. Such notice  
30 shall be deemed to have been received by each partner, shareholder, or  
31 member of such entity, but only for items of entity income reported by



1 the partner, shareholder, or member. The actions taken thereon on behalf  
2 of the partnership, limited liability company, small business  
3 corporation, estate, or trust are binding on the partners, members,  
4 shareholders, or beneficiaries.

5 **Sec. 39.** Section 77-7305, Revised Statutes Cumulative Supplement,  
6 2024, is amended to read:

7 77-7305 (1) The School District Property Tax Relief Act shall apply  
8 to tax year 2024 and each tax year thereafter. For tax year 2024, the  
9 total amount of relief granted under the act shall be seven hundred fifty  
10 million dollars. For tax year 2025, the total amount of relief granted  
11 under the act shall be seven hundred eighty million dollars. For tax year  
12 2026, the total amount of relief granted under the act shall be eight  
13 hundred eight million dollars. For tax year 2027, the total amount of  
14 relief granted under the act shall be eight hundred thirty-eight million  
15 dollars. For tax year 2028, the total amount of relief granted under the  
16 act shall be eight hundred seventy million dollars. For tax year 2029,  
17 the total amount of relief granted under the act shall be nine hundred  
18 two million dollars. For tax year 2030 and each tax year thereafter, the  
19 total amount of relief granted under the act shall be the total amount of  
20 relief from the prior year increased by three percent. The relief shall  
21 be in the form of property tax credits which appear on property tax  
22 statements. Property tax credits granted under the act shall be credited  
23 against the amount of property taxes owed to school districts.

24 (2) To determine the amount of the property tax credit for each  
25 parcel, the county treasurer shall multiply the amount disbursed to the  
26 county under subsection (4) of this section by the ratio of the school  
27 district taxes levied in the current ~~prior~~ year on the parcel to the  
28 school district taxes levied in the current ~~prior~~ year on all real  
29 property in the county. The amount so determined shall be the property  
30 tax credit for that parcel.

31 (3) If the real property owner qualifies for a homestead exemption

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

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

27 (5) After retaining one percent of the amount ~~The county treasurer~~  
28 ~~shall disburse amounts~~ received under subsection (4) of this section for  
29 costs, the county treasurer shall disburse the remaining funds, which are  
30 credited against the amount of property taxes owed to school districts,  
31 in the same manner as if such funds had been received in the form of

1 property tax payments for property taxes owed to school districts,  
2 meaning any amounts attributable to divided taxes pursuant to section  
3 18-2147 of the Community Development Law shall be remitted to the  
4 applicable authority for which such taxes were divided.

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

8 **Sec. 40.** Section 85-1801, Reissue Revised Statutes of Nebraska, is  
9 amended to read:

10 ~~85-1801~~ The Legislature finds that the general welfare and well-  
11 being of the state are directly related to educational levels and skills  
12 of the citizens of the state and that a vital and valid public purpose is  
13 served by the creation and implementation of programs which encourage and  
14 make possible the attainment of higher levels of education by the  
15 greatest number of citizens of the state. The state has limited resources  
16 to provide additional programs for ~~higher~~ education funding and the  
17 continued operation and maintenance of the state's public institutions of  
18 elementary, secondary, and postsecondary ~~higher~~ education, and the  
19 general welfare of the citizens of the state will be enhanced by  
20 establishing a program which allows parents and others interested in the  
21 ~~higher~~ education of our youth to invest money in a public trust for  
22 future application to the payment of qualified ~~higher~~ education expenses.  
23 The creation of the means of encouragement for persons to invest in such  
24 a program represents the carrying out of a vital and valid public  
25 purpose. In order to make available to parents and others interested in  
26 the ~~higher~~ education of our youth an opportunity to fund future ~~higher~~  
27 education needs, it is necessary that a public trust be established in  
28 which money may be invested for future educational use.

29 **Sec. 41.** Section 85-1802, Reissue Revised Statutes of Nebraska, is  
30 amended to read:

31 ~~85-1802~~ For purposes of sections 40 ~~85-1801~~ to 55 of this act

1    ~~85-1817~~:

2            (1) Administrative fund means the Education College Savings Plan  
3    Administrative Fund created in section 45 of this act ~~85-1807~~;

4            (2) Beneficiary means the individual designated by a participation  
5    agreement to benefit from advance payments of qualified ~~higher~~ education  
6    expenses on behalf of the beneficiary;

7            (3) Benefits means the payment of qualified ~~higher~~ education  
8    expenses on behalf of a beneficiary or, in the case of a qualified  
9    education loan payment, on behalf of a beneficiary or the sibling of a  
10   beneficiary by the Nebraska educational savings plan trust;

11           (4) Eligible postsecondary educational institution means an  
12   institution described in 20 U.S.C. 1088 which is eligible to participate  
13   in a program under Title IV of the federal Higher Education Act of 1965;

14           (5) Expense fund means the Education College Savings Plan Expense  
15   Fund created in section 45 of this act ~~85-1807~~;

16           (6) Nebraska educational savings plan trust means the trust created  
17   in section 42 of this act ~~85-1804~~;

18           (7) Nonqualified withdrawal refers to (a) a distribution from an  
19   account to the extent it is not used to pay the qualified ~~higher~~  
20   education expenses of the beneficiary or, in the case of a qualified  
21   education loan payment, to the extent it is not used to pay the qualified  
22   ~~higher~~ education expenses of the beneficiary or a sibling of the  
23   beneficiary or to the extent it does not constitute a rollover to a Roth  
24   individual retirement account as permitted by section 529 of the Internal  
25   Revenue Code, (b) a qualified rollover permitted by section 529 of the  
26   Internal Revenue Code where the funds are transferred to a qualified  
27   tuition program sponsored by another state or entity, or (c) until  
28   January 1, 2029, a distribution from an account to pay the costs of  
29   attending kindergarten through grade twelve;

30           (8) Participant or account owner means an individual, an  
31   individual's legal representative, or any other legal entity authorized

1 to establish a savings account under section 529 of the Internal Revenue  
2 Code who has entered into a participation agreement for the advance  
3 payment of qualified ~~higher~~ education expenses on behalf of a  
4 beneficiary. For purposes of section 77-2716, as to contributions by a  
5 custodian to a custodial account established pursuant to the Nebraska  
6 Uniform Transfers to Minors Act or similar law in another state, which  
7 account has been established under a participation agreement, participant  
8 includes the parent or guardian of a minor, which parent or guardian is  
9 also the custodian of the account;

10 (9) Participation agreement means an agreement between a participant  
11 and the Nebraska educational savings plan trust entered into under  
12 sections ~~40 85-1801~~ to 55 of this act 85-1817;

13 (10) Program fund means the Education College Savings Plan Program  
14 Fund created in section 45 of this act 85-1807;

15 (11) Qualified education loan payment means the payment of principal  
16 or interest on a qualified education loan as defined in 26 U.S.C. 221(d),  
17 as such section existed on January 1, 2022, of the beneficiary or a  
18 sibling of the beneficiary as described in 26 U.S.C. 152(d)(2)(B), as  
19 such section existed on January 1, 2022. For purposes of this  
20 subdivision, the aggregate total of qualified education loan payments for  
21 the qualified education loans of a single beneficiary or sibling shall  
22 not exceed ten thousand dollars for all taxable years combined. The  
23 aggregate total for qualified education loan payments for the qualified  
24 education loans of a sibling of a beneficiary shall be calculated with  
25 respect to such sibling and not with respect to the beneficiary and shall  
26 include all qualified education loan payments for loans of such sibling,  
27 including any qualified education loan payments for which such sibling is  
28 the beneficiary or the sibling of a beneficiary;

29 (12)(a) ~~(12)~~ Qualified ~~higher~~ education expenses means:

30 (i) ~~The~~ the certified costs of tuition, ~~and~~ fees, books, supplies,  
31 and equipment required (A) ~~(a)~~ for enrollment or attendance at an

1 eligible postsecondary educational institution or ~~(B) (b)~~ for costs  
2 incurred on or after January 1, 2021, for participation in an  
3 apprenticeship program registered and certified with the United States  
4 Secretary of Labor under 29 U.S.C. 50, as such section existed on January  
5 1, 2021; ~~or~~

6 ~~(ii)~~ Reasonable room and board expenses, based on the minimum amount  
7 applicable for the eligible postsecondary educational institution during  
8 the period of enrollment ~~, shall be included as qualified higher~~  
9 ~~education expenses~~ for those students enrolled on at least a half-time  
10 basis; ~~or~~

11 ~~(iii)~~ In the case of a special needs beneficiary, expenses for  
12 special needs services incurred in connection with enrollment or  
13 attendance at an eligible postsecondary educational institution; ~~shall be~~  
14 ~~included as qualified higher education expenses.~~

15 ~~(iv)~~ Expenses paid or incurred on or after January 1, 2022, for the  
16 purchase of computer technology or equipment or Internet access and  
17 related services in connection with enrollment or attendance at an  
18 eligible postsecondary educational institution, subject to the  
19 limitations set forth in section 529 of the Internal Revenue Code; ~~or~~  
20 ~~shall be included as qualified higher education expenses.~~

21 ~~(v)~~ ~~Qualified higher education expenses includes qualified~~ education  
22 loan payments; ~~or~~ ~~or~~

23 ~~(vi)~~ Beginning January 1, 2029, expenses for tuition in connection  
24 with enrollment or attendance at an elementary or secondary school but  
25 does not include any amounts in excess of ten thousand dollars per  
26 beneficiary per taxable year.

27 ~~(b)~~ ~~Qualified higher~~ education expenses does not include any amounts  
28 in excess of those allowed by section 529 of the Internal Revenue Code;

29 (13) Section 529 of the Internal Revenue Code means such section of  
30 the code and the regulations interpreting such section; and

31 (14) Tuition ~~and fees~~ means:

1        (a) Beginning January 1, 2029, for purposes of an elementary or  
2        secondary school, the charges imposed for tuition in connection with  
3        enrollment or attendance at such elementary or secondary school; and

4        (b) For purposes of an eligible postsecondary educational  
5        institution, the quarter or semester charges imposed to attend an  
6        eligible postsecondary educational institution.

7        **Sec. 42.** Section 85-1804, Reissue Revised Statutes of Nebraska, is  
8        amended to read:

9        ~~85-1804~~ The Nebraska educational savings plan trust is created. The  
10       State Treasurer is the trustee of the trust and as such is responsible  
11       for the administration, operation, and maintenance of the program and has  
12       all powers necessary to carry out and effectuate the purposes,  
13       objectives, and provisions of sections 40 ~~85-1801~~ to 55 of this act  
14       ~~85-1817~~ pertaining to the administration, operation, and maintenance of  
15       the trust and program, except that the state investment officer shall  
16       have fiduciary responsibility to make all decisions regarding the  
17       investment of the money in the administrative fund, expense fund, and  
18       program fund, including the selection of all investment options and the  
19       approval of all fees and other costs charged to trust assets except costs  
20       for administration, operation, and maintenance of the trust as  
21       appropriated by the Legislature, pursuant to the directions, guidelines,  
22       and policies established by the Nebraska Investment Council. The State  
23       Treasurer may adopt and promulgate rules and regulations to provide for  
24       the efficient administration, operation, and maintenance of the trust and  
25       program. The State Treasurer shall not adopt and promulgate rules and  
26       regulations that in any way interfere with the fiduciary responsibility  
27       of the state investment officer to make all decisions regarding the  
28       investment of money in the administrative fund, expense fund, and program  
29       fund. The State Treasurer or his or her designee shall have the power to:

30       (1) Enter into agreements with any eligible postsecondary  
31       educational institution, the state, any federal or other state agency, or

1 any other entity to implement sections 40 85-1801 to 55 of this act  
2 ~~85-1817~~, except agreements which pertain to the investment of money in  
3 the administrative fund, expense fund, or program fund;

4 (2) Beginning January 1, 2029, enter into agreements with any  
5 elementary or secondary school to implement sections 40 to 55 of this  
6 act, except agreements which pertain to the investment of money in the  
7 administrative fund, expense fund, or program fund;

8 (3) ~~(2)~~ Carry out the duties and obligations of the trust;

9 (4) ~~(3)~~ Carry out studies and projections to advise participants  
10 regarding present and estimated future qualified ~~higher~~ education  
11 expenses and levels of financial participation in the trust required in  
12 order to enable participants to achieve their educational funding  
13 objectives;

14 (5) ~~(4)~~ Participate in any federal, state, or local governmental  
15 program for the benefit of the trust;

16 (6) ~~(5)~~ Procure insurance against any loss in connection with the  
17 property, assets, or activities of the trust as provided in section  
18 81-8,239.01;

19 (7) ~~(6)~~ Enter into participation agreements with participants;

20 (8) ~~(7)~~ Make payments to elementary or secondary schools or eligible  
21 postsecondary educational institutions pursuant to participation  
22 agreements on behalf of beneficiaries and make qualified education loan  
23 payments on behalf of beneficiaries or their siblings;

24 (9) ~~(8)~~ Make distributions to participants upon the termination of  
25 participation agreements pursuant to the provisions, limitations, and  
26 restrictions set forth in sections 40 85-1801 to 55 of this act ~~85-1817~~;

27 (10) ~~(9)~~ Contract for goods and services and engage personnel as  
28 necessary, including consultants, actuaries, managers, legal counsels,  
29 and auditors for the purpose of rendering professional, managerial, and  
30 technical assistance and advice regarding trust administration and  
31 operation, except contracts which pertain to the investment of the



1 administrative, expense, or program funds; and

2 ~~(11)~~ ~~(10)~~ Establish, impose, and collect administrative fees and  
3 charges in connection with transactions of the trust, and provide for  
4 reasonable service charges, including penalties for cancellations and  
5 late payments with respect to participation agreements.

6 The Nebraska Investment Council may adopt and promulgate rules and  
7 regulations to provide for the prudent investment of the assets of the  
8 trust. The council or its designee also has the authority to select and  
9 enter into agreements with individuals and entities to provide investment  
10 advice and management of the assets held by the trust, establish  
11 investment guidelines, objectives, and performance standards with respect  
12 to the assets held by the trust, and approve any fees, commissions, and  
13 expenses, which directly or indirectly affect the return on assets.

14 **Sec. 43.** Section 85-1805, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 ~~85-1805~~ Any advertising or promotional materials relating to the  
17 Nebraska educational savings plan trust may include references to a  
18 public office but shall not refer to an officeholder by name.

19 **Sec. 44.** Section 85-1806, Reissue Revised Statutes of Nebraska, is  
20 amended to read:

21 ~~85-1806~~ The Nebraska educational savings plan trust may enter into  
22 participation agreements with participants on behalf of beneficiaries  
23 pursuant to the following terms and conditions:

24 (1) A participation agreement shall authorize a participant to make  
25 contributions to an account which is established for the purpose of  
26 meeting the qualified ~~higher~~ education expenses of a beneficiary as  
27 allowed by section 529 of the Internal Revenue Code. A participant shall  
28 not be required to make an annual contribution on behalf of a  
29 beneficiary, shall not be subject to minimum contribution requirements,  
30 and shall not be required to maintain a minimum account balance. The  
31 maximum contribution shall not exceed the amount allowed under section

1 529 of the Internal Revenue Code. The State Treasurer may set a maximum  
2 cumulative contribution, as necessary, to maintain compliance with  
3 section 529 of the Internal Revenue Code. Participation agreements may be  
4 amended to provide for adjusted levels of contributions based upon  
5 changed circumstances or changes in educational plans or to ensure  
6 compliance with section 529 of the Internal Revenue Code or any other  
7 applicable laws and regulations;

8 (2) Beneficiaries designated in participation agreements shall meet  
9 the requirements established by the trustee and section 529 of the  
10 Internal Revenue Code;

11 (3) Payment of benefits provided under participation agreements  
12 shall be made in a manner consistent with section 529 of the Internal  
13 Revenue Code;

14 (4) The execution of a participation agreement by the trust shall  
15 not guarantee in any way that qualified ~~higher~~ education expenses will be  
16 equal to projections and estimates provided by the trust or that the  
17 beneficiary named in any participation agreement will (a) be admitted to  
18 an eligible postsecondary educational institution, (b) if admitted, be  
19 determined a resident for tuition purposes by the eligible postsecondary  
20 educational institution, (c) be allowed to continue attendance at the  
21 eligible postsecondary educational institution following admission, or  
22 (d) graduate from the eligible postsecondary educational institution;

23 (5) Beginning January 1, 2029, the execution of a participation  
24 agreement by the trust shall not guarantee in any way that qualified  
25 education expenses will be equal to projections and estimates provided by  
26 the trust or that the beneficiary named in any participation agreement  
27 will (a) be admitted to an elementary or secondary school, (b) if  
28 admitted, be determined a resident for tuition purposes by the elementary  
29 or secondary school, (c) be allowed to continue attendance at the  
30 elementary or secondary school following admission, or (d) graduate from  
31 the elementary or secondary school;

1        ~~(6)~~ (5) A beneficiary under a participation agreement may be changed  
2 as permitted under the rules and regulations adopted under sections 40  
3 ~~85-1801~~ to 55 of this act ~~85-1817~~ and consistent with section 529 of the  
4 Internal Revenue Code upon written request of the participant as long as  
5 the substitute beneficiary is eligible for participation. Participation  
6 agreements may otherwise be freely amended throughout their term in order  
7 to enable participants to increase or decrease the level of  
8 participation, change the designation of beneficiaries, and carry out  
9 similar matters as authorized by rule and regulation; and

10        ~~(7)~~ (6) Each participation agreement shall provide that the  
11 participation agreement may be canceled upon the terms and conditions and  
12 upon payment of applicable fees and costs set forth and contained in the  
13 rules and regulations.

14        **Sec. 45.** Section 85-1807, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16        ~~85-1807~~ (1) The State Treasurer shall deposit money received by the  
17 Nebraska educational savings plan trust into three funds: The Education  
18 ~~College~~ Savings Plan Program Fund, the Education ~~College~~ Savings Plan  
19 Expense Fund, and the Education ~~College~~ Savings Plan Administrative Fund.  
20 The State Treasurer shall deposit money received by the trust into the  
21 appropriate fund. The State Treasurer and Accounting Administrator of the  
22 Department of Administrative Services shall determine the state fund  
23 types necessary to comply with section 529 of the Internal Revenue Code  
24 and state policy. The money in the funds shall be invested by the state  
25 investment officer pursuant to policies established by the Nebraska  
26 Investment Council. The program fund, the expense fund, and the  
27 administrative fund shall be separately administered. The Nebraska  
28 educational savings plan trust shall be operated with no General Fund  
29 appropriations.

30        (2) The Education ~~College~~ Savings Plan Program Fund is created. All  
31 money paid in connection with participation agreements and all investment

1 income earned on such money shall be deposited as received into separate  
2 accounts within the program fund. Contributions to the trust may only be  
3 made in the form of cash. All funds generated in connection with  
4 participation agreements shall be deposited into the appropriate accounts  
5 within the program fund. A participant or beneficiary shall not provide  
6 investment direction regarding program contributions or earnings held by  
7 the trust. Until January 1, 2029, money ~~Money~~ accrued in the program fund  
8 may be used for the benefit of a beneficiary for payments to any eligible  
9 postsecondary educational institution, but shall not be used to pay  
10 expenses associated with attending kindergarten through grade twelve.  
11 Beginning January 1, 2029, money accrued in the program fund may be used  
12 for the benefit of a beneficiary for payments to any elementary or  
13 secondary school or eligible postsecondary educational institution. Any  
14 money in the program fund available for investment shall be invested by  
15 the state investment officer pursuant to the Nebraska Capital Expansion  
16 Act and the Nebraska State Funds Investment Act.

17 (3) The Education ~~College~~ Savings Plan Administrative Fund is  
18 created. Money from the trust transferred from the expense fund to the  
19 administrative fund in an amount authorized by an appropriation from the  
20 Legislature shall be utilized to pay for the costs of administering,  
21 operating, and maintaining the trust, to the extent permitted by section  
22 529 of the Internal Revenue Code. The administrative fund shall not be  
23 credited with any money other than money transferred from the expense  
24 fund in an amount authorized by an appropriation by the Legislature or  
25 any interest income earned on the balances held in the administrative  
26 fund. Any money in the administrative fund available for investment shall  
27 be invested by the state investment officer pursuant to the Nebraska  
28 Capital Expansion Act and the Nebraska State Funds Investment Act.

29 (4)(a) The Education ~~College~~ Savings Plan Expense Fund is created.  
30 The expense fund shall be funded with fees assessed to the program fund.  
31 The State Treasurer shall use the expense fund:

1 (i) To pay costs associated with the Nebraska educational savings  
2 plan trust; and

3 (ii) For the purposes described in the Meadowlark Act;

4 ~~(iii) On or before September 1, 2020, to transfer from the expense~~  
5 ~~fund to the Department of Revenue Miscellaneous Receipts Fund fifty-nine~~  
6 ~~thousand five hundred dollars to defray the costs incurred to implement~~  
7 ~~Laws 2020, LB1042; and~~

8 ~~(iii)~~ (iv) To transfer from the expense fund to the State Investment  
9 Officer's Cash Fund an amount equal to the pro rata share of the budget  
10 appropriated to the Nebraska Investment Council as permitted in section  
11 72-1249.02, to cover reasonable expenses incurred for investment  
12 management of the Nebraska educational savings plan trust. Annually and  
13 prior to such transfer to the State Investment Officer's Cash Fund, the  
14 State Treasurer shall report to the budget division of the Department of  
15 Administrative Services and to the Legislative Fiscal Analyst the amounts  
16 transferred during the previous fiscal year. The report submitted to the  
17 Legislative Fiscal Analyst shall be submitted electronically.

18 (b) Any money in the expense fund available for investment shall be  
19 invested by the state investment officer pursuant to the Nebraska Capital  
20 Expansion Act and the Nebraska State Funds Investment Act.

21 **Sec. 46.** Section 85-1808, Reissue Revised Statutes of Nebraska, is  
22 amended to read:

23 ~~85-1808~~ (1) A participant may cancel a participation agreement at  
24 will by submitting a request to terminate the participation agreement.  
25 Additionally, if a participant requests and obtains a nonqualified  
26 withdrawal, the participation agreement shall be deemed canceled with  
27 respect to the amount of the nonqualified withdrawal. A participation  
28 agreement shall not be deemed canceled if a participant requests and  
29 obtains a distribution of his or her entire account balance for qualified  
30 ~~higher~~ education expenses and subsequently closes his or her account.  
31 Furthermore, the State Treasurer shall have the power to terminate,

1 freeze, or suspend a participation agreement if he or she determines that  
2 the participant provided false or misleading information to the detriment  
3 of the Nebraska educational savings plan trust, if the participant's  
4 account has a zero balance, or if the State Treasurer is unable to verify  
5 the identity of the participant.

6 (2) If a participation agreement is canceled for any of the causes  
7 listed in this subsection, the participant shall be entitled to receive  
8 the principal amount of all contributions made by the participant under  
9 the participation agreement plus the actual program fund investment  
10 income earned on the contributions, less any losses incurred on the  
11 investment, and such distribution will generally not be subject to  
12 federal tax penalty:

13 (a) Death of the beneficiary if the distribution is paid to the  
14 estate of the beneficiary or transferred to another beneficiary as set  
15 forth in subsection (10) of section 47 of this act ~~85-1809~~;

16 (b) Permanent disability or mental incapacity of the beneficiary;

17 (c) The beneficiary is awarded a scholarship as defined in section  
18 529 of the Internal Revenue Code, but only to the extent the distribution  
19 of earnings does not exceed the scholarship amount; or

20 (d) A qualified rollover is made as permitted by section 529 of the  
21 Internal Revenue Code, except that if a qualified rollover is made into a  
22 plan sponsored by another state or entity, the participation agreement  
23 shall be deemed to have been canceled for purposes of subdivision (8)(d)  
24 of section 77-2716 and federal adjusted gross income shall be increased  
25 to the extent previously deducted as a contribution to the trust.

26 (3) Notwithstanding any other provisions of this section, under no  
27 circumstances shall a participant or beneficiary receive a distribution  
28 that is more than the fair market value of the specific account on the  
29 applicable liquidation date.

30 (4) If a participant cancels a participation agreement, obtains a  
31 rollover into a plan sponsored by another state or entity, or obtains a

1 distribution, a portion of which constitutes a nonqualified withdrawal,  
2 the amount of the distribution, rollover, or withdrawal will be subject  
3 to recapture of previous Nebraska state income tax deductions as set  
4 forth in subdivision (8)(d) of section 77-2716. The transfer of assets  
5 among plans sponsored by the State of Nebraska shall be considered an  
6 investment option change and not a rollover.

7 **Sec. 47.** Section 85-1809, Reissue Revised Statutes of Nebraska, is  
8 amended to read:

9 ~~85-1809~~ (1) A participant retains ownership of all contributions  
10 made under a participation agreement up to the date of utilization for  
11 payment of qualified ~~higher~~ education expenses for the beneficiary or, in  
12 the case of a qualified education loan payment, for the beneficiary or a  
13 sibling of the beneficiary. Notwithstanding any other provision of law,  
14 any amount credited to any account is not susceptible to any levy,  
15 execution, judgment, or other operation of law, garnishment, or other  
16 judicial enforcement, and the amount is not an asset or property of  
17 either the participant or the beneficiary for the purposes of any state  
18 insolvency or inheritance tax laws. All income derived from the  
19 investment of the contributions made by the participant shall be  
20 considered to be held in trust for the benefit of the beneficiary.

21 (2) If the program created by sections 40 85-1801 to 55 of this act  
22 ~~85-1817~~ is terminated prior to payment of qualified ~~higher~~ education  
23 expenses, the participant is entitled to receive the fair market value of  
24 the account established in the program.

25 (3) If the beneficiary graduates from an eligible postsecondary  
26 educational institution and a balance remains in the participant's  
27 account, any remaining funds may be used to make qualified education loan  
28 payments for siblings of the beneficiary or transferred as allowed by  
29 rule or regulation, subject to the provisions of section 529 of the  
30 Internal Revenue Code, as well as any other applicable state or federal  
31 laws or regulations.

1       ~~(4)(a) (4)~~ The eligible postsecondary educational institution shall  
2 obtain ownership of the payments made for the qualified ~~higher~~ education  
3 expenses paid to the institution at the time each payment is made to the  
4 institution.

5       (b) Beginning January 1, 2029, the elementary or secondary school  
6 shall obtain ownership of the payments made for the qualified education  
7 expenses paid to the school at the time each payment is made to the  
8 school.

9       (5) Any amounts which may be paid to any person or persons pursuant  
10 to the Nebraska educational savings plan trust but which are not listed  
11 in this section are owned by the trust.

12       (6) A participant may transfer ownership rights to another eligible  
13 participant, including a gift of the ownership rights to a minor  
14 beneficiary. The transfer shall be made and the property distributed in  
15 accordance with the rules and regulations or with the terms of the  
16 participation agreement.

17       (7) A participant shall not be entitled to utilize any interest in  
18 the Nebraska educational savings plan trust as security for a loan.

19       (8) The Nebraska educational savings plan trust may accept transfers  
20 of cash investments from a custodian under the Nebraska Uniform Transfers  
21 to Minors Act or any other similar laws under the terms and conditions  
22 established by the trustee.

23       (9) A participant may designate a successor account owner to succeed  
24 to all of the participant's rights, title, and interest in an account,  
25 including the right to change the account beneficiary, upon the death or  
26 legal incapacity of the participant. If a participant dies or becomes  
27 legally incapacitated and has failed to name a successor account owner,  
28 the account beneficiary shall become the account owner.

29       (10) Upon the death of a beneficiary, the participant may change the  
30 beneficiary on the account, transfer assets to another beneficiary who is  
31 a member of the family of the former beneficiary, or request a



1 nonqualified withdrawal.

2       **Sec. 48.** Section 85-1810, Reissue Revised Statutes of Nebraska, is  
3 amended to read:

4       ~~85-1810~~ (1) A student loan program, student grant program, or other  
5 program administered by any agency of the state, except as may be  
6 otherwise provided by federal law or the provisions of any specific grant  
7 applicable to the federal law, shall not take into account and shall not  
8 consider amounts available for the payment of qualified higher education  
9 expenses pursuant to the Nebraska educational savings plan trust in  
10 determining need and eligibility for student aid.

11       (2) A government program administered by any agency of the state  
12 that provides benefits or aid to individuals based on financial need,  
13 except as may be otherwise provided by federal law or the provisions of  
14 any specific grant applicable to the federal law, shall not take into  
15 account and shall not consider contributions made to a participant's  
16 account by the participant's employer in determining the income of such  
17 participant.

18       **Sec. 49.** Section 85-1811, Reissue Revised Statutes of Nebraska, is  
19 amended to read:

20       ~~85-1811~~ (1) The State Treasurer shall submit an annual audited  
21 financial report, prepared in accordance with generally accepted  
22 accounting principles, on the operations of the Nebraska educational  
23 savings plan trust by November 1 to the Governor and the Legislature. The  
24 report submitted to the Legislature shall be submitted electronically.  
25 The State Treasurer shall cause the audit to be made either by the  
26 Auditor of Public Accounts or by an independent certified public  
27 accountant designated by the State Treasurer, and the audit shall include  
28 direct and indirect costs attributable to the use of outside consultants,  
29 independent contractors, and any other persons who are not state  
30 employees.

31       (2) The annual audit shall be supplemented by all of the following

1 information prepared by the State Treasurer:

2 (a) Any related studies or evaluations prepared in the preceding  
3 year;

4 (b) A summary of the benefits provided by the trust, including the  
5 number of participants and beneficiaries in the trust; and

6 (c) Any other information which is relevant in order to make a full,  
7 fair, and effective disclosure of the operations of the trust, including  
8 the investment performance of the funds.

9 **Sec. 50.** Section 85-1812, Reissue Revised Statutes of Nebraska, is  
10 amended to read:

11 ~~85-1812~~ (1) For federal income tax purposes, the Nebraska  
12 educational savings plan trust shall be considered a qualified state  
13 tuition program exempt from taxation pursuant to section 529 of the  
14 Internal Revenue Code. The trust meets the requirements of section 529(b)  
15 of the Internal Revenue Code as follows:

16 (a) Pursuant to section 44 of this act ~~85-1806~~, a participant may  
17 make contributions to an account which is established for the purpose of  
18 meeting the qualified ~~higher~~ education expenses of the designated  
19 beneficiary of the account or, in the case of a qualified education loan  
20 payment, the designated beneficiary of the account or a sibling of the  
21 designated beneficiary;

22 (b) Pursuant to section 44 of this act ~~85-1806~~, a maximum  
23 contribution level is established;

24 (c) Pursuant to section 45 of this act ~~85-1807~~, a separate account  
25 is established for each beneficiary;

26 (d) Pursuant to section 45 of this act ~~85-1807~~, contributions may  
27 only be made in the form of cash;

28 (e) Pursuant to section 45 of this act ~~85-1807~~, a participant or  
29 beneficiary shall not provide investment direction regarding program  
30 contributions or earnings held by the trust;

31 (f) Penalties are provided on distributions of earnings which are:

1 (i) Not used for qualified ~~higher~~ education expenses of the beneficiary  
2 or, in the case of a qualified education loan payment, the beneficiary or  
3 a sibling of the beneficiary; (ii) made on account of the death of the  
4 designated beneficiary if the distribution is not transferred to another  
5 beneficiary or paid to the estate of the beneficiary; (iii) not made on  
6 account of the permanent disability or mental incapacity of the  
7 designated beneficiary; or (iv) made due to scholarship, allowance, or  
8 payment receipt in excess of the scholarship, allowance, or payment  
9 receipt; and

10 (g) Pursuant to section 47 of this act ~~85-1809~~, a participant shall  
11 not pledge any interest in the trust as security for a loan.

12 (2) State income tax treatment of the Nebraska educational savings  
13 plan trust shall be as provided in section 77-2716.

14 (3) For purposes of federal gift and generation-skipping transfer  
15 taxes, contributions to an account are considered a completed gift from  
16 the contributor to the beneficiary.

17 **Sec. 51.** Section 85-1813, Reissue Revised Statutes of Nebraska, is  
18 amended to read:

19 ~~85-1813~~ The assets of the Nebraska educational savings plan trust,  
20 including the program fund and excluding the administrative fund and the  
21 expense fund, shall at all times be preserved, invested, and expended  
22 solely and only for the purposes of the trust and shall be held in trust  
23 for the participants and beneficiaries. No property rights in the trust  
24 shall exist in favor of the state. Assets of the trust, including the  
25 program fund, the administrative fund, and the expense fund, shall not be  
26 transferred or used by the state for any purposes other than the purposes  
27 of the trust.

28 **Sec. 52.** Section 85-1814, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30 ~~85-1814~~ Nothing in sections 40 ~~85-1801~~ to 51 of this act ~~85-1813~~  
31 shall be deemed to prohibit both resident and nonresident participants

1 and designated beneficiaries from being eligible to participate in and  
2 benefit from the Nebraska educational savings plan trust and program. It  
3 is the intent of the Legislature that funds and income credited to the  
4 program fund are fully portable and may be used at any eligible  
5 postsecondary educational institution and beginning January 1, 2029, at  
6 any elementary or secondary school.

7 **Sec. 53.** Section 85-1815, Reissue Revised Statutes of Nebraska, is  
8 amended to read:

9 ~~85-1815~~ (1) The College Savings Incentive Cash Fund is created. The  
10 fund shall be administered by the State Treasurer and shall be used to  
11 provide incentive payments under the Employer Matching Contribution  
12 Incentive Program established in section 54 of this act ~~85-1816~~ and to  
13 provide matching scholarships under the College Savings Plan Low-Income  
14 Matching Scholarship Program established in section 55 of this act  
15 ~~85-1817~~. The State Treasurer shall accept contributions from any private  
16 individual or private entity and shall credit all such contributions  
17 received to the College Savings Incentive Cash Fund for the purpose of  
18 providing an ongoing source of funding for the College Savings Plan Low-  
19 Income Matching Scholarship Program. The matching contributions for which  
20 incentive payments are made under the Employer Matching Contribution  
21 Incentive Program and the matching scholarships provided under the  
22 College Savings Plan Low-Income Matching Scholarship Program shall not be  
23 used to pay expenses associated with attending kindergarten through grade  
24 twelve.

25 (2) The College Savings Incentive Cash Fund shall not be considered  
26 an asset of the Nebraska educational savings plan trust.

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

30 **Sec. 54.** Section 85-1816, Reissue Revised Statutes of Nebraska, is  
31 amended to read:

1       ~~85-1816~~ (1) The Employer Matching Contribution Incentive Program is  
2 created. The program shall begin on January 1, 2022, and shall be  
3 implemented and administered by the State Treasurer. The purpose of the  
4 program is to encourage employers to make matching contributions by  
5 providing incentive payments for such contributions.

6       (2) For purposes of this section:

7       (a) Employer means any individual, partnership, limited liability  
8 company, association, corporation, business trust, legal representative,  
9 or organized group of persons employing one or more employees at any one  
10 time, but such term does not include the United States, the state, or any  
11 political subdivision thereof; and

12       (b) Matching contribution means a contribution made by an employer  
13 to an account established under the Nebraska educational savings plan  
14 trust in an amount matching all or part of a contribution made to that  
15 same account by an individual who resided in the State of Nebraska during  
16 the most recently completed taxable year and is an employee of such  
17 employer.

18       (3) Beginning January 1, 2022, an employer shall be eligible to  
19 receive an incentive payment under this section if the employer made  
20 matching contributions during the immediately preceding calendar year.

21       (4) In order to receive an incentive payment under this section, an  
22 employer shall submit an application to the State Treasurer on forms  
23 prescribed by the State Treasurer. The State Treasurer shall accept  
24 applications from January 1 to June 1 of each year beginning in 2022. The  
25 application shall include:

26       (a) The number of employees for whom matching contributions were  
27 made in the immediately preceding calendar year;

28       (b) The amount of the matching contributions made in the immediately  
29 preceding calendar year for each employee; and

30       (c) Any other information required by the State Treasurer.

31       (5) If the State Treasurer determines that the employer qualifies

1 for an incentive payment under this section, the State Treasurer shall  
2 approve the application and shall notify the employer of the approval.  
3 The State Treasurer may approve applications until the annual limit  
4 provided in subsection (6) of this section has been reached. An employer  
5 whose application is approved shall receive an incentive payment equal to  
6 twenty-five percent of the total matching contributions made during the  
7 immediately preceding calendar year, not to exceed two thousand dollars  
8 per contributing employee per year. An employer shall not receive an  
9 incentive payment for a matching contribution if the employer claimed an  
10 income tax deduction pursuant to subdivision (8)(b) of section 77-2716  
11 for such matching contribution. Employers shall be limited to one  
12 incentive payment per beneficiary. The matching contributions for which  
13 incentive payments are made shall not be used to pay expenses associated  
14 with attending kindergarten through grade twelve.

15 (6) The State Treasurer may approve a total of two hundred fifty  
16 thousand dollars of incentive payments each calendar year.

17 (7) On or before June 30, 2022, and on or before June 30 of each  
18 year thereafter, the State Treasurer shall determine the total amount of  
19 incentive payments approved for the year, shall transfer such amount from  
20 the Education College Savings Plan Expense Fund or the Unclaimed Property  
21 Trust Fund, as determined by the State Treasurer, to the College Savings  
22 Incentive Cash Fund, and shall distribute such incentive payments to the  
23 approved employers.

24 (8) The State Treasurer may adopt and promulgate rules and  
25 regulations to carry out the Employer Matching Contribution Incentive  
26 Program.

27 **Sec. 55.** Section 85-1817, Reissue Revised Statutes of Nebraska, is  
28 amended to read:

29 ~~85-1817~~ (1) Beginning January 1, 2022, there is hereby established  
30 the College Savings Plan Low-Income Matching Scholarship Program. The  
31 purpose of the program is to encourage private contributions to accounts

1 established under the Nebraska educational savings plan trust for the  
2 benefit of individuals with limited means. The State Treasurer shall  
3 implement and administer the program.

4 (2) A participant shall be eligible for the program if the  
5 beneficiary for whom private contributions are made is part of a family  
6 whose household income for the most recently completed taxable year is  
7 not more than two hundred fifty percent of the federal poverty level and  
8 the beneficiary is a resident of the State of Nebraska.

9 (3) Applications for participation in the program shall be submitted  
10 to the State Treasurer on forms prescribed by the State Treasurer. If the  
11 requirements of subsection (2) of this section are met, the State  
12 Treasurer shall approve the application and notify the applicant of the  
13 approval. The State Treasurer may approve applications until the annual  
14 limit provided in subsection (7) of this section has been reached.

15 (4) Any participant who is approved for the program under subsection  
16 (3) of this section must resubmit an application each year thereafter and  
17 be reapproved in order to continue participation in the program.

18 (5) If a participant is approved for the program, any contribution  
19 made by such participant under the program shall be matched with  
20 scholarship funds provided by the State of Nebraska. The matching  
21 scholarship shall be equal to:

22 (a) One hundred percent of the participant's contribution if the  
23 beneficiary for whom the contribution is made is part of a family whose  
24 household income for the most recently completed taxable year is more  
25 than two hundred percent of the federal poverty level but not more than  
26 two hundred fifty percent of the federal poverty level, not to exceed one  
27 thousand dollars annually; or

28 (b) Two hundred percent of the participant's contribution if the  
29 beneficiary for whom the contribution is made is part of a family whose  
30 household income for the most recently completed taxable year is not more  
31 than two hundred percent of the federal poverty level, not to exceed one

1 thousand dollars annually.

2 (6) Between January 1 and January 31 of each year, the State  
3 Treasurer shall transfer the amount necessary to meet the matching  
4 obligations of this section for the preceding calendar year, minus the  
5 amount of any private contributions received pursuant to subsection (1)  
6 of section 53 of this act ~~85-1815~~ during the preceding calendar year,  
7 from the Education ~~College~~ Savings Plan Expense Fund or the Unclaimed  
8 Property Trust Fund, as determined by the State Treasurer, to the College  
9 Savings Incentive Cash Fund. The State Treasurer shall transfer from the  
10 College Savings Incentive Cash Fund to the Education ~~College~~ Savings Plan  
11 Program Fund the amount necessary to meet the matching obligations of  
12 this section for the preceding calendar year. The Nebraska educational  
13 savings plan trust shall own all scholarships awarded under this section.  
14 Neither the participant nor the beneficiary shall have any ownership  
15 rights to or interest in, title to, or power or control over such  
16 scholarships. Scholarship funds disbursed shall only be used to pay the  
17 qualified ~~higher~~ education expenses associated with attending an eligible  
18 postsecondary educational institution located in this state and shall not  
19 be used to pay expenses associated with attending kindergarten through  
20 grade twelve. Any disbursement of such scholarships shall be made before  
21 the beneficiary reaches thirty years of age. Once the beneficiary reaches  
22 thirty years of age, any unused scholarship funds shall be transferred to  
23 the Meadowlark Endowment Fund.

24 (7) The State Treasurer may approve a total of two hundred fifty  
25 thousand dollars of scholarships each calendar year under the College  
26 Savings Plan Low-Income Matching Scholarship Program.

27 **Sec. 56.** Section 85-2802, Reissue Revised Statutes of Nebraska, is  
28 amended to read:

29 85-2802 For purposes of the Meadowlark Act:

30 (1) Contribution means a donation which is made for the purpose of  
31 providing a source of funding for the Meadowlark Program established in



1 section 85-2804;

2 (2) Eligible postsecondary educational institution has the same  
3 meaning as in section 41 of this act ~~85-1802~~;

4 (3) Nebraska educational savings plan trust has the same meaning as  
5 in section 41 of this act ~~85-1802~~;

6 (4) Qualified ~~higher~~ education expenses has the same meaning as in  
7 section 41 of this act ~~85-1802~~; and

8 (5) Qualified individual means an individual born on or after  
9 January 1, 2020, who is a resident of this state at the time of birth.

10 **Sec. 57.** Section 85-2803, Reissue Revised Statutes of Nebraska, is  
11 amended to read:

12 85-2803 (1) There is hereby established in the state treasury a  
13 trust fund to be known as the Meadowlark Endowment Fund. The fund shall  
14 be administered by the State Treasurer and shall consist of qualified  
15 private contributions and any amounts appropriated or transferred to the  
16 fund by the Legislature. No General Funds shall be transferred to the  
17 Meadowlark Endowment Fund. Any money in the fund available for investment  
18 shall be invested by the state investment officer pursuant to the  
19 Nebraska Capital Expansion Act and the Nebraska State Funds Investment  
20 Act. No portion of the principal of the fund shall be expended for any  
21 purpose except investment pursuant to this subsection.

22 (2) The State Treasurer may accept contributions and shall credit  
23 all such contributions received either to the Meadowlark Endowment Fund  
24 or to accounts opened under the Meadowlark Program, at the direction of  
25 the donor. Such contributions shall not be used to pay expenses  
26 associated with attending kindergarten through grade twelve.

27 (3) On or before April 1 of each year, the State Treasurer shall  
28 determine the total amount of contributions received under subsection (2)  
29 of this section in the previous calendar year and shall transfer an equal  
30 amount from the Education ~~College~~ Savings Plan Expense Fund or the  
31 Unclaimed Property Trust Fund, as determined by the State Treasurer, to

1 the Meadowlark Endowment Fund or to accounts opened under the Meadowlark  
2 Program. For any amount transferred from the Education College Savings  
3 Plan Expense Fund or the Unclaimed Property Trust Fund that is not being  
4 transferred to the Meadowlark Endowment Fund, the State Treasurer shall  
5 evenly distribute such amount to the accounts opened under the Meadowlark  
6 Program in the previous calendar year.

7 **Sec. 58.** Section 85-2804, Reissue Revised Statutes of Nebraska, is  
8 amended to read:

9 85-2804 (1) The Meadowlark Program is created. The program shall be  
10 administered by the State Treasurer. The purpose of the program is to  
11 promote access to postsecondary educational opportunities by providing  
12 funds to qualified individuals to help pay the qualified ~~higher~~ education  
13 expenses associated with attendance at an eligible postsecondary  
14 educational institution located in this state.

15 (2) Any qualified individual shall be eligible to participate in the  
16 Meadowlark Program. No later than March 1 of each year, the Department of  
17 Health and Human Services shall transmit information to the State  
18 Treasurer which is necessary to administer the program and to establish  
19 whether the children born in the previous calendar year are qualified  
20 individuals. Such information shall include, but not be limited to, the  
21 full name and residential address of each child's parent or legal  
22 guardian and the birthdate of each child. Costs associated with the  
23 transfer of information by the Department of Health and Human Services  
24 shall be paid from the Education College Savings Plan Expense Fund.

25 (3) Following receipt of the information described in subsection (2)  
26 of this section, the State Treasurer shall send a notification explaining  
27 the Meadowlark Program to the parent or legal guardian of each qualified  
28 individual. The State Treasurer shall provide such parent or legal  
29 guardian with the opportunity to exclude his or her child from the  
30 program. Any child who is not excluded shall be deemed to be enrolled in  
31 the program. Upon enrollment into the program, the child shall have an

1 account opened for him or her under the Nebraska educational savings plan  
2 trust.

3 (4) On or before April 1 of each year, the State Treasurer shall  
4 determine (a) the number of accounts opened under the Meadowlark Program  
5 in the previous calendar year and (b) the amount of investment income  
6 generated by the Meadowlark Endowment Fund in the previous calendar year.  
7 The State Treasurer shall evenly distribute the investment income from  
8 the previous calendar year to the accounts opened in the previous  
9 calendar year.

10 (5) The Nebraska educational savings plan trust shall own all  
11 accounts opened under the Meadowlark Program. Neither the qualified  
12 individual nor his or her parent or legal guardian shall have any  
13 ownership rights or interest in, title to, or power or control over such  
14 an account.

15 (6) Any disbursement from an account opened under the Meadowlark  
16 Program shall be made before the qualified individual reaches thirty  
17 years of age. Once a qualified individual reaches thirty years of age,  
18 any unused funds in his or her account shall be transferred to the  
19 Meadowlark Endowment Fund.

20 (7) Funds disbursed from an account opened under the Meadowlark  
21 Program shall only be used to pay the qualified ~~higher~~ education expenses  
22 associated with attending an eligible postsecondary educational  
23 institution located in this state and shall not be used to pay expenses  
24 associated with attending kindergarten through grade twelve.

25 (8) The State Treasurer shall take measures to ensure the security  
26 and confidentiality of the information received under subsection (2) of  
27 this section.

28 **Sec. 59.** Sections 23, 24, 30, 35, 40, 41, 42, 43, 44, 45, 46, 47,  
29 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, and 62 of this act become  
30 operative on October 1, 2025. Sections 1, 2, 3, 4, 5, 6, 25, 26, 27, 28,  
31 29, 31, and 63 of this act become operative on January 1, 2026. Sections

1 7, 8, 9, 11, 12, 34, 36, 37, 38, and 61 of this act become operative  
2 three calendar months after the adjournment of this legislative session.  
3 The other sections of this act become operative on their effective date.

4 **Sec. 60.** Original sections 14-109, 15-202, 15-203, 16-205, and  
5 17-525, Reissue Revised Statutes of Nebraska, and sections 13-518,  
6 13-3402, 13-3403, 13-3405, 13-3406, 18-1208, 77-1631, 77-1701, and  
7 77-7305, Revised Statutes Cumulative Supplement, 2024, are repealed.

8 **Sec. 61.** Original section 13-3106, Reissue Revised Statutes of  
9 Nebraska, and sections 13-3103, 77-2715.07, 77-2727, 77-2734.01, and  
10 77-2776, Revised Statutes Cumulative Supplement, 2024, are repealed.

11 **Sec. 62.** Original sections 85-1801, 85-1802, 85-1804, 85-1805,  
12 85-1806, 85-1807, 85-1808, 85-1809, 85-1810, 85-1811, 85-1812, 85-1813,  
13 85-1814, 85-1815, 85-1816, 85-1817, 85-2802, 85-2803, and 85-2804,  
14 Reissue Revised Statutes of Nebraska, and sections 68-1201, 72-1239.01,  
15 77-3,110, and 77-2716, Revised Statutes Cumulative Supplement, 2024, are  
16 repealed.

17 **Sec. 63.** Original section 77-1613, Reissue Revised Statutes of  
18 Nebraska, and sections 76-214, 77-202, 77-202.01, 77-202.03, and  
19 77-202.05, Revised Statutes Cumulative Supplement, 2024, are repealed.

20 **Sec. 64.** Since an emergency exists, this act takes effect when  
21 passed and approved according to law.