

LEGISLATURE OF NEBRASKA
ONE HUNDRED NINTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 856

Introduced by McKinney, 11.

Read first time January 08, 2026

Committee: Revenue

1 A BILL FOR AN ACT relating to taxation; to adopt the Community
2 Reinvestment and Equity Act; to establish an excise tax on certain
3 businesses operating in a qualified census tract; and to create a
4 fund and a grant program.

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

1 **Section 1.** Sections 1 to 9 of this act shall be known and may be
2 cited as the Community Reinvestment and Equity Act.

3 **Sec. 2.** (1) The Legislature finds that:

4 (a) Qualified census tracts experience disproportionate health
5 burdens and neighborhood disinvestment alongside high concentrations of
6 alcohol, tobacco, and fuel retail;

7 (b) Residents of qualified census tracts face higher barriers to
8 primary care, re-entry housing and services, access to healthy foods,
9 affordable childcare, and community-stabilizing initiatives;

10 (c) To meet the needs of low-income and moderate-income
11 neighborhoods, a community reinvestment framework should apply to covered
12 businesses operating in qualified census tracts; and

13 (d) A geographically targeted excise tax supports health and safety,
14 is rationally related to legitimate public purposes, and is distinct from
15 a uniform property tax.

16 (2) It is the intent of the Legislature to:

17 (a) Impose a five percent community reinvestment excise tax on
18 covered businesses operating in qualified census tracts;

19 (b) Establish a public rating of community reinvestment performance;
20 and

21 (c) Direct proceeds to federally qualified health centers, homeless
22 services, re-entry housing, healthy food access, childcare, and community
23 development initiatives.

24 **Sec. 3.** For purposes of the Community Reinvestment and Equity Act:

25 (1) Covered business means any gas station, convenience store, or
26 package liquor store that sells alcoholic liquor, tobacco products as
27 defined in section 77-4007, or cigarettes as defined in section 77-2601,
28 for off-premises consumption and has a fixed place of business located
29 within a qualified census tract;

30 (2) Department means the Department of Economic Development;

31 (3) Gross receipts has the same meaning as in section 77-2701.16;

1 and

2 (4) Qualified census tract means a census tract designated by the
3 United States Department of Housing and Urban Development under section
4 26 U.S.C. 42(d)(5)(B)(ii)(I), as such section existed on January 1, 2026.

5 **Sec. 4.** (1) Beginning January 1, 2027, a five percent excise tax is
6 imposed on the gross receipts of each covered business located within a
7 qualified census tract.

8 (2) The excise tax shall be collected, reported, and remitted in the
9 same manner as the sales tax under the Nebraska Revenue Act of 1967, on
10 forms prescribed by the Tax Commissioner.

11 (3) All taxes collected under this section shall be remitted to the
12 State Treasurer for credit to the Community Reinvestment Fund.

13 (4) The Tax Commissioner shall provide information to the
14 department, upon request, regarding the amount of excise tax collected in
15 a given qualified census tract.

16 (5) The provisions of sections 77-2703 to 77-2713 relating to
17 deficiencies, penalties, interest, the collection of delinquent amounts,
18 confidentiality, refunds, and appeal procedures for the tax imposed by
19 section 77-2703 shall also apply to the tax imposed by this section.

20 (6) The Tax Commissioner may adopt and promulgate rules and
21 regulations necessary to carry out his or her duties under the Community
22 Reinvestment and Equity Act.

23 **Sec. 5.** (1) No covered business may advertise the excise tax as a
24 surcharge on any specific product, however nothing prohibits making price
25 adjustments in the ordinary course of business.

26 (2)(a) A violation of this section is a deceptive trade practice for
27 purposes of the Consumer Protection Act and the Uniform Deceptive Trade
28 Practices Act.

29 (b) The Attorney General shall have authority to enforce violations
30 of this section pursuant to the Consumer Protection Act and the Uniform
31 Deceptive Trade Practices Act.

1 **Sec. 6.** (1) On or before April 1, 2028, and on or before April 1 of
2 each year thereafter, each covered business shall file an annual
3 community reinvestment report with the department detailing:

4 (a) Investments or in-kind contributions to federally qualified
5 health centers, homeless and re-entry services, healthy food access,
6 childcare, or community development initiatives in the qualified census
7 tract where the covered business operates;

8 (b) Local hiring, apprenticeships, or workforce partnerships;

9 (c) Participation in a healthy corner store program, Supplemental
10 Nutrition Assistance Program and WIC program enrollment support, or
11 similar programs; and

12 (d) Community engagement activities.

13 (2) The department shall publish an annual rating for each covered
14 business on its website based on weighted criteria that include, but are
15 not limited to, impact, equity reach, transparency, and collaboration,
16 using the following ratings:

17 (a) Outstanding or Satisfactory. Any covered business that receives
18 an outstanding or satisfactory rating will receive (i) recognition on the
19 department's website, (ii) eligibility preference in applicable state
20 façade improvement grants administered by the department, and (iii)
21 consideration in local licensing where lawful;

22 (b) Needs to Improve. The department shall development a technical
23 assistance plan for any covered business that receives a rating of needs
24 to improve to assist in improving the rating of the covered business; and

25 (c) Noncompliance. Failure to file an annual community reinvestment
26 report with the department or any material misstatement made in any such
27 report will result in a rating of noncompliance. The penalty for
28 receiving a rating of noncompliance is a fine of up to ten thousand
29 dollars per location. For any subsequent ratings of noncompliance, the
30 penalty shall be a fine of up to fifty thousand dollars per location.

31 (3)(a) Any covered business aggrieved by the imposition of a fine

1 under this section may request a hearing on any such fine imposed by the
2 department.

3 (b) A request for hearing shall be made within thirty days after the
4 receipt of the notice of the imposition of a fine. Such hearing shall be
5 conducted in accordance with the Administrative Procedure Act and the
6 rules and regulations of the department.

7 (c) A covered business may appeal any decision of the department
8 under this section and the appeal shall be in accordance with the
9 Administrative Procedure Act.

10 **Sec. 7.** (1)(a) The Community Reinvestment Fund is hereby created.
11 The fund shall be administered by the department to be used for grants
12 for the following purposes: Childcare, early childhood development,
13 community development initiatives, healthcare, healthy food access,
14 homeless services, and re-entry housing.

15 (b) The fund shall consist of money transferred pursuant to
16 subsection (3) of section 4 of this act, bequests, donations, gifts, and
17 grants.

18 (c) Any money in the Community Reinvestment Fund available for
19 investment shall be invested by the state investment officer pursuant to
20 the Nebraska Capital Expansion Act and the Nebraska State Funds
21 Investment Act.

22 (2)(a) Beginning January 1, 2028, the department, in consultation
23 with the Department of Health and Human Services, shall administer a
24 grant program and make awards annually based on the following criteria:

25 (i) Childcare and early childhood services serving low-income
26 families: Fifteen percent of the total number of grants awarded;

27 (ii) Community development initiatives, including, but not limited
28 to, violence prevention, neighborhood revitalization, and workforce
29 pipelines: Fifteen percent of the total number of grants awarded;

30 (iii) Federally qualified health centers: Thirty percent of the
31 total number of grants awarded;

1 (iv) Healthy food access: Fifteen percent of the total number of
2 grants awarded; and

3 (v) Homelessness prevention, re-entry housing, and services: Twenty-
4 five percent of the total number of grants awarded.

5 (b) In awarding grants (i) at least seventy percent of the excise
6 tax collected from a given qualified census tract shall be awarded within
7 that same qualified census tract and (ii) up to thirty percent of the
8 excise tax collected in adjacent qualified census tracts may be pooled
9 regionally across such qualified census tracts for efficiency and impact.

10 (3) The department in making awards shall prioritize measurable
11 outcomes in access to care, housing stability, healthy food availability,
12 childcare slots, community development, recidivism reduction, and
13 projects led by and serving the residents of a qualified census tract.

14 (4) Grants awarded under this section shall supplement, not
15 supplant, existing state or local funding.

16 (5) The combined administrative costs for the department and the
17 Department of Health and Human Services to administer the fund and the
18 grant program shall not exceed five percent of annual deposits in the
19 Community Reinvestment Fund.

20 (6) The department may audit grantees for performance and compliance
21 at any time during the term of the grant and within twelve months after
22 the conclusion of the term of the grant.

23 (7) A grantee may appeal any decision of the department and the
24 appeal shall be in accordance with the Administrative Procedure Act.

25 **Sec. 8.** (1) The department shall maintain a searchable database on
26 its website showing (a) covered business filings, investments, and
27 ratings, and (b) grants awarded by qualified census tract.

28 (2) The department may adopt and promulgate rules and regulations
29 necessary to carry out its duties under the Community Reinvestment and
30 Equity Act.

31 **Sec. 9.** The Community Reinvestment and Equity Act shall be

1 construed as a geographically targeted excise tax rationally related to
2 the legislative purpose of mitigating documented health and safety harms
3 and promoting reinvestment in qualified census tracts.