

LEGISLATIVE BILL 901

Approved by the Governor April 7, 2026

Introduced by Revenue Committee: von Gillern, 4, Chairperson; Bostar, 29; Ibach, 44; Kauth, 31; Murman, 38.

A BILL FOR AN ACT relating to law; to amend sections 77-367, 77-377.01, 77-3,109, 77-3,118, 77-2704.46, 77-27,107, 77-27,235, and 77-5804, Reissue Revised Statutes of Nebraska, sections 77-377.02, 77-382, 77-2704.12, 77-2717, 77-3003.01, 77-3003.02, 77-3004, 77-3006, 77-3012, and 77-6818, Revised Statutes Cumulative Supplement, 2024, and sections 9-1,101, 71-812, 71-3801, 71-3809, 71-3810, 71-3812, 77-202, 77-3,110, 77-2715.07, 77-2734.03, 77-3003, 77-3003.03, and 77-5601, Revised Statutes Supplement, 2025; to adopt the Domestic Violence and Human Trafficking Service Providers Tax Credit Act; to provide for the disclosure of certain confidential information by the Department of Health and Human Services and the Department of Revenue; to provide fees; to change provisions relating to the Behavioral Health Services Fund; to provide an excise tax and change provisions relating to adulterated kratom under the Kratom Consumer Protection Act; to eliminate a property tax exemption; to change the purposes of and money credited to the Department of Revenue Enforcement Fund; to change and provide provisions relating to delinquent taxes and the collection of delinquent taxes; to change provisions relating to a report on tax expenditures; to change and eliminate certain sales and use tax exemptions; to provide an income tax credit; to provide for the registration of a claim for due and owing delinquent taxes as a judgment; to eliminate a renewable energy tax credit as provided; to change provisions relating to fees for manufacturer and distributor licenses and cash devices, the advertisement and operation of mechanical amusement devices and cash devices, and the amount and distribution of taxes collected under the Mechanical Amusement Device Tax Act; to change provisions relating to the use of funds; to change credits under the Nebraska Advantage Research and Development Act; to redefine a term under the Imagine Nebraska Act; to terminate the Department of Revenue Miscellaneous Receipts Fund; to eliminate obsolete provisions; to harmonize provisions; to provide operative dates; to repeal the original sections; to outright repeal sections 77-2701.54, 77-2704.57, 77-2704.60, 77-2704.61, and 77-2704.62, Reissue Revised Statutes of Nebraska; and to declare an emergency.

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

Section 1. Sections 1 to 4 of this act shall be known and may be cited as the Domestic Violence and Human Trafficking Service Providers Tax Credit Act.

Sec. 2. (1) For taxable years beginning or deemed to begin on or after January 1, 2027, under the Internal Revenue Code of 1986, as amended, there shall be allowed refundable credits against the income tax imposed by the Nebraska Revenue Act of 1967 as follows:

(a) Two hundred forty thousand dollars of tax credits to be distributed equally among qualifying domestic violence and sexual assault programs run by tribal governments;

(b) One hundred fifty thousand dollars of tax credits to be distributed to a statewide coalition representing nonprofit organizations that have an affiliation agreement with the Department of Health and Human Services to provide services to victims of domestic abuse under the Protection from Domestic Abuse Act;

(c) One million forty-four thousand dollars of tax credits to be distributed equally to entities described in subdivisions (a) and (b) of this subsection and any other nonprofit organizations that operate a shelter for victims of domestic violence or human trafficking; and

(d) One million five hundred sixty-six thousand dollars of tax credits to be distributed to entities described in subdivisions (a) and (b) of this subsection and any other nonprofit organizations that operate a shelter for victims of domestic violence or human trafficking as follows:

(i) One million two hundred fifty-two thousand eight hundred dollars of tax credits to be distributed based on the population of the program or service area as shown by the latest federal decennial census or as determined by the department if such census data is not available; and

(ii) Three hundred thirteen thousand two hundred dollars of tax credits to be distributed based on the square miles of the program or service area.

(2) The department shall distribute all of the credits allowed under the Domestic Violence and Human Trafficking Service Providers Tax Credit Act each calendar year.

(3) For purposes of this section:

(a) Department means the Department of Revenue;

(b) Nonprofit organization means an organization organized under section 501(c)(3) of the Internal Revenue Code of 1986, as amended; and

(c) Tribal has the same meaning as in section 71-914.02.

Sec. 3. A credit recipient may sell all or a portion of the tax credit

received under section 2 of this act to another taxpayer. The purchasing taxpayer must have received a transfer of the tax credit prior to the date a tax return, or amended return, claiming the tax credit is filed. For any tax year in which a credit is sold pursuant to this section, the credit recipient selling the tax credit shall notify the Department of Revenue of the sale and provide the tax identification number of the taxpayer purchasing the tax credit at least thirty days prior to the taxpayer claiming the tax credit. The notification shall be in the manner prescribed by the department.

Sec. 4. The Department of Revenue may adopt and promulgate rules and regulations to carry out the Domestic Violence and Human Trafficking Service Providers Tax Credit Act.

Sec. 5. (1) Beginning no later than October 31, 2026, the Department of Health and Human Services and the Department of Revenue, for the purpose of the proper administration of the laws administered by each agency, shall, upon request, disclose confidential information about persons, businesses, and state and local subdivisions to the other agency. The receiving agency shall not use any confidential information obtained from the transmitting agency except for purposes directly connected with the proper administration of the laws administered by each agency.

(2) The disclosures allowed under this section may be made notwithstanding any other provision of law of this state regarding disclosure of information by either agency. Any information received by either agency under this section shall be considered confidential as required by any applicable state laws or rules and regulations which govern the transmitting agency's disclosure of the information and any use of such information after such disclosure. Any individual who discloses such information other than as specifically allowed by this section or other laws of this state shall be subject to the penalties normally imposed on individuals who improperly disclose such information.

Sec. 6. (1) The Department of Revenue shall add a collection fee in the amount of twenty-five dollars or ten percent of the tax liability, whichever is greater, to all delinquent tax claims regardless of whether the claim has been assigned to a collection agency under sections 77-377.01 to 77-377.04. For purposes of this subsection, delinquent tax claim has the same meaning as in section 77-377.01.

(2) In addition to the collection fee in subsection (1) of this section, the Department of Revenue shall add the actual costs incurred by the department to collect delinquent taxes to the tax liability at the time such costs are incurred.

(3) The Department of Revenue shall add an assessment fee in the amount of twenty-five dollars or ten percent of the tax liability, whichever is greater, to all assessments and notices of deficiency when issued. If the assessment or notice of deficiency becomes due and owing, the assessment fee shall be recalculated on the tax liability as of the date when the assessment or notice of deficiency becomes due and owing.

(4)(a) The Tax Commissioner may require any person filing a petition for redetermination of (i) a notice and demand for payment issued pursuant to section 77-1783.01 or (ii) a notice of a deficiency determination issued pursuant to the Nebraska Revenue Act of 1967, to remit a filing fee of forty dollars to the Department of Revenue.

(b) A person may file an application with the Department of Revenue claiming he or she is indigent. A person determined by the Department of Revenue to be indigent shall not be required to remit the filing fee required by this subsection. For purposes of this subdivision, indigent means the inability to financially pursue the petition for redetermination without prejudicing the person's ability to provide economic necessities for the person or the person's family. In making its determination, the department shall consider (i) the person's income, (ii) the availability of other resources to the person including, but not limited to, real and personal property, bank accounts, social security benefits, and unemployment or other benefits, (iii) the person's normal living expenses, (iv) the person's outstanding debts, (v) the number and age of the person's dependents, and (vi) other relevant circumstances.

(5) All applications for a waiver of interest or penalty pursuant to the statutory authority of the Tax Commissioner shall be submitted with a fee of twenty-five dollars.

(6) All written requests for a certificate stating no tax is due which are filed pursuant to section 77-2707 shall be submitted with a fee of twenty-five dollars.

(7) The fees and costs collected by the Department of Revenue pursuant to this section shall be remitted to the State Treasurer for credit to the Department of Revenue Enforcement Fund.

(8) Beginning on January 1, 2027, and on January 1 of successive years, the Department of Revenue shall increase the fees provided for in this section by the percentage change, if any, as of August of the previous year over the level as of August of the year preceding that year in the Consumer Price Index for All Urban Consumers, Midwest Region, as published by the Bureau of Labor Statistics of the United States Department of Labor.

Sec. 7. Section 9-1,101, Revised Statutes Supplement, 2025, is amended to read:

9-1,101 (1) The Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery and Raffle Act, and section 9-701 shall be administered and enforced by the Charitable Gaming Division of the Department

of Revenue, which division is hereby created. The Department of Revenue shall make annual reports to the Governor, Legislature, Auditor of Public Accounts, and Attorney General on all tax revenue received, expenses incurred, and other activities relating to the administration and enforcement of such acts. The report submitted to the Legislature shall be submitted electronically.

(2) The Charitable Gaming Operations Fund is hereby created. Any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act.

(3)(a) Forty percent of the taxes collected pursuant to sections 9-239, 9-344, 9-429, and 9-648 shall be available to the Charitable Gaming Division for administering and enforcing the acts listed in subsection (1) of this section and providing administrative support for the Nebraska Commission on Problem Gambling. The remaining sixty percent shall be transferred to the General Fund. Any portion of the forty percent not used by the division in the administration and enforcement of such acts and section shall be distributed as provided in this subsection.

(b) Beginning July 1, 2019, through June 30, 2026, on or before the last day of the last month of each calendar quarter, the State Treasurer shall transfer one hundred thousand dollars from the Charitable Gaming Operations Fund to the Compulsive Gamblers Assistance Fund.

(c) Any money remaining in the Charitable Gaming Operations Fund after the transfer pursuant to subdivision (b) of this subsection not used by the Charitable Gaming Division in its administration and enforcement duties pursuant to this section may be transferred to the General Fund and the Compulsive Gamblers Assistance Fund at the direction of the Legislature.

(4) The Tax Commissioner shall employ investigators who shall be vested with the authority and power of a law enforcement officer to carry out the laws of this state administered by the Tax Commissioner or the Department of Revenue and to enforce sections 28-1101 to 28-1117 relating to possession of a gambling device. For purposes of enforcing sections 28-1101 to 28-1117, the authority of the investigators shall be limited to investigating possession of a gambling device, notifying local law enforcement authorities, and reporting suspected violations to the county attorney for prosecution.

(5) The Charitable Gaming Division may charge a fee for publications and listings it produces. The fee shall not exceed the cost of publication and distribution of such items. The division may also charge a fee for making a copy of any record in its possession equal to the actual cost per page. The division shall remit the fees to the State Treasurer for credit to the Charitable Gaming Operations Fund.

~~(6) The taxes collected and available to the Charitable Gaming Division pursuant to section 77-3012 shall be used by the division for enforcement of the Mechanical Amusement Device Tax Act and maintenance of the central server established pursuant to section 77-3013.~~

~~(6)~~ (7) For administrative purposes only, the Nebraska Commission on Problem Gambling shall be located within the Charitable Gaming Division. The division shall provide office space, furniture, equipment, and stationery and other necessary supplies for the commission. Commission staff shall be appointed, supervised, and terminated by the director of the Gamblers Assistance Program pursuant to section 9-1004.

Sec. 8. Section 71-812, Revised Statutes Supplement, 2025, is amended to read:

71-812 (1) The Behavioral Health Services Fund is created. The fund shall be administered by the division and shall contain cash funds appropriated by the Legislature or otherwise received by the department for the provision of behavioral health services from any other public or private source and directed by the Legislature for credit to the fund. Transfers may be made from the fund to the General Fund at the direction of the Legislature.

(2) The Behavioral Health Services Fund shall be used to encourage and facilitate the statewide development and provision of community-based behavioral health services, including, but not limited to, (a) the provision of grants, loans, and other assistance for such purpose and (b) reimbursement to providers of such services.

(3)(a) Money transferred to the fund under section 76-903 shall be used for housing-related assistance for very low-income adults with serious mental illness or substance abuse disorder, except that if the division determines that all housing-related assistance obligations under this subsection have been fully satisfied, the division may distribute any excess, up to twenty percent of such money, to regional behavioral health authorities for acquisition or rehabilitation of housing to assist such persons. The division shall manage and distribute such funds based upon a formula established by the division, in consultation with regional behavioral health authorities and the department, in a manner consistent with and reasonably calculated to promote the purposes of the public behavioral health system enumerated in section 71-803. The division shall contract with each regional behavioral health authority for the provision of such assistance. Each regional behavioral health authority may contract with qualifying public, private, or nonprofit entities for the provision of such assistance.

(b) For purposes of this subsection:

(i) Adult with serious mental illness means a person eighteen years of age or older who has, or at any time during the immediately preceding twelve months has had, a diagnosable mental, behavioral, or emotional disorder of sufficient duration to meet diagnostic criteria identified in the most recent edition of

the Diagnostic and Statistical Manual of Mental Disorders and which has resulted in functional impairment that substantially interferes with or limits one or more major life functions. Serious mental illness does not include DSM V codes, substance abuse disorders, or developmental disabilities unless such conditions exist concurrently with a diagnosable serious mental illness;

(ii) Housing-related assistance includes rental payments, utility payments, security and utility deposits, landlord risk mitigation payments, and other related costs and payments;

(iii) Landlord risk mitigation payment means a payment provided to a landlord who leases or rents property to a very low-income adult with serious mental illness which may be used to pay for excessive damage to the rental property, any lost rent, any legal fees incurred by the landlord in excess of the security deposit, or any other expenses incurred by the landlord as a result of leasing or renting the property to such individual; and

(iv) Very low-income means a household income of fifty percent or less of the applicable median family income estimate as established by the United States Department of Housing and Urban Development.

(4) Money transferred to the fund under section 77-3012 shall be allocated to the behavioral health authority of the behavioral health region in which the cash device is located.

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

Sec. 9. Section 71-3801, Revised Statutes Supplement, 2025, is amended to read:

71-3801 Sections 71-3801 to 71-3815 and section 10 of this act shall be known and may be cited as the Kratom Consumer Protection Act.

Sec. 10. (1) Beginning January 1, 2027, an excise tax shall be levied on the retail sale of kratom products to consumers. The tax shall be at a rate of ten percent of the retail purchase price.

(2) The excise tax imposed by this section shall be in addition to all other occupation, privilege, sales, or use taxes imposed by this state or by any political subdivision of the state.

(3) Each retailer of kratom products shall maintain complete and accurate electronic records of sales of kratom products, in the manner prescribed by the Department of Revenue. Each such retailer shall provide such records to the department upon request.

(4)(a) Each retailer of kratom products shall file a return with the department by the twentieth day of the month following the month reported and with the report shall remit the amount of excise tax due.

(b) The return, which shall be upon forms prescribed and furnished by the department, shall contain, among other things, the total amount of kratom products sold or transferred during the preceding month and the amount of tax due thereon.

(c) The department may require retailers to file tax returns electronically and to remit payments due by electronic funds transfers.

(5) The department shall collect the excise tax and shall account for and remit to the State Treasurer at least once each month all money collected pursuant to such tax for credit to the General Fund.

Sec. 11. Section 71-3809, Revised Statutes Supplement, 2025, is amended to read:

71-3809 (1) No person shall sell, offer for sale, provide, or distribute an adulterated kratom product in the State of Nebraska.

(2) A product shall be deemed adulterated if:

(a) It contains any kratom alkaloid or metabolite, including 7-hydroxymitragynine, and does not meet the definition of a kratom product under section 71-3802; or

(b) The kratom product is combined with a dangerous nonkratom substance that contains a poisonous or otherwise deleterious nonkratom ingredient, including, but not limited to, any substance listed as a controlled substance under the laws of this state or federal law.

(3) If the department has a reasonable belief that ~~Upon receipt of evidence that suggests~~ a product may be an adulterated kratom product, the department may require the person selling, providing, or distributing the product to obtain an independent third-party test of the product by a laboratory of the department's choosing. A person shall not sell, provide, or distribute any product undergoing such testing until the test results verify that such product is not adulterated.

Sec. 12. Section 71-3810, Revised Statutes Supplement, 2025, is amended to read:

71-3810 (1) Any processor or retailer that violates any section of the Kratom Consumer Protection Act, including those related to the application or registration, or any of the rules and regulations adopted and promulgated by the department that apply to processors or kratom products shall be subject to the penalties provided in this section.

(2) For the first violation, the department shall impose a civil penalty of up to one thousand dollars. For the second violation, the department shall impose a civil penalty of up to five thousand dollars. For a third violation and any subsequent violations, the department shall impose a civil penalty of at least five thousand dollars and no more than twenty thousand dollars and, if the violator is a processor, the department shall prohibit the sale of any kratom products of such processor within the State of Nebraska for a period of three years.

(3) If a processor violates the Kratom Consumer Protection Act by selling, offering for sale, providing, or distributing an adulterated kratom product in the State of Nebraska, the department shall remove any product found to be adulterated from the list of registered kratom products on the department's website.

~~(4)~~ (3) For any processor or retailer that has no violation for a period of four consecutive years, a new violation shall be treated as a first violation.

~~(5)~~ (4) No determination that a violation has occurred shall be made until notice has been given and a hearing has been held by the Tax Commissioner as provided in section 71-3811 if requested by the processor or retailer.

~~(6)~~ (5) A retailer shall not be found to be in violation of the Kratom Consumer Protection Act if it is shown by a preponderance of the evidence that the retailer relied in good faith upon the representation of a processor that a product is not an adulterated kratom product as defined in section 71-3809 or otherwise conformed to the act.

Sec. 13. Section 71-3812, Revised Statutes Supplement, 2025, is amended to read:

71-3812 (1) The Attorney General shall have authority to enforce the Kratom Consumer Protection Act pursuant to the Consumer Protection Act and the Uniform Deceptive Trade Practices Act. This section shall not be construed to allow for a private right of action under the Kratom Consumer Protection Act even though such action is authorized under the Consumer Protection Act and the Uniform Deceptive Trade Practices Act.

(2) If a kratom product is found to be adulterated under section 71-3809 with ingredients not reflected on the label of the product, such violation of the Kratom Consumer Protection Act is also prima facie evidence of a violation of the Consumer Protection Act.

Sec. 14. Section 77-202, Revised Statutes Supplement, 2025, is amended to read:

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

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

(i) Property of the state and its governmental subdivisions means (A) property held in fee title by the state or a governmental subdivision or (B) property beneficially owned by the state or a governmental subdivision in that it is used for a public purpose and is being acquired under a lease-purchase agreement, financing lease, or other instrument which provides for transfer of legal title to the property to the state or a governmental subdivision upon payment of all amounts due thereunder. If the property to be beneficially owned by a governmental subdivision has a total acquisition cost that exceeds the threshold amount or will be used as the site of a public building with a total estimated construction cost that exceeds the threshold amount, then such property shall qualify for an exemption under this section only if the question of acquiring such property or constructing such public building has been submitted at a primary, general, or special election held within the governmental subdivision and has been approved by the voters of the governmental subdivision. For purposes of this subdivision, threshold amount means the greater of fifty thousand dollars or six-tenths of one percent of the total actual value of real and personal property of the governmental subdivision that will beneficially own the property as of the end of the governmental subdivision's prior fiscal year; and

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

(b) Unleased property of the state or its governmental subdivisions which is not being used or developed for use for a public purpose but upon which a payment in lieu of taxes is paid for public safety, rescue, and emergency services and road or street construction or maintenance services to all governmental units providing such services to the property. Except as provided in Article VIII, section 11, of the Constitution of Nebraska, the payment in lieu of taxes shall be based on the proportionate share of the cost of providing public safety, rescue, or emergency services and road or street construction or maintenance services unless a general policy is adopted by the governing body of the governmental subdivision providing such services which provides for a different method of determining the amount of the payment in lieu of taxes. The governing body may adopt a general policy by ordinance or resolution for determining the amount of payment in lieu of taxes by majority vote after a hearing on the ordinance or resolution. Such ordinance or resolution shall nevertheless result in an equitable contribution for the cost of providing such services to the exempt property;

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

(d)(i) Property owned by educational, religious, charitable, or cemetery

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

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

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

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

(iii) The property tax exemption authorized in subdivision (1)(d)(i) of this section shall apply to any for-profit skilled nursing facility, for-profit nursing facility, or for-profit assisted-living facility that provides housing for medicaid beneficiaries, except that the exemption amount for such property shall be a percentage of the property taxes that would otherwise be due. Such percentage shall be equal to the average percentage of occupied beds in the facility provided to medicaid beneficiaries over the most recent three-year period. This subdivision shall not be construed to modify, limit, or reduce any property tax exemption provided to a nonprofit skilled nursing facility, nonprofit nursing facility, or nonprofit assisted-living facility pursuant to subdivision (1)(d)(i) of this section. For purposes of this subdivision, skilled nursing facility has the same meaning as in section 71-429, nursing facility has the same meaning as in section 71-424, and assisted-living facility has the same meaning as in section 71-5903.

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

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

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

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

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

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

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

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

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

(8) Any personal property exempt pursuant to the Nebraska Advantage Act or the ImagiNE Nebraska Act shall be exempt from the personal property tax.

(9) Any depreciable tangible personal property used directly in the generation of electricity using wind as the fuel source shall be exempt from the property tax levied on depreciable tangible personal property. Any depreciable tangible personal property used directly in the generation of electricity using solar, biomass, or landfill gas as the fuel source shall be exempt from the property tax levied on depreciable tangible personal property if such depreciable tangible personal property was installed on or after January 1, 2016, and has a nameplate capacity of one hundred kilowatts or more. Depreciable tangible personal property used directly in the generation of electricity using wind, solar, biomass, or landfill gas as the fuel source includes, but is not limited to, wind turbines, rotors and blades, towers, solar panels, trackers, generating equipment, transmission components, substations, supporting structures or racks, inverters, and other system components such as wiring, control systems, switchgears, and generator step-up transformers.

~~(10) Any tangible personal property that is acquired by a person operating~~

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

~~(10)~~ (11) For tax years prior to tax year 2020, each person who owns property required to be reported to the county assessor under section 77-1201 shall be allowed an exemption amount as provided in the Personal Property Tax Relief Act. For tax years prior to tax year 2020, each person who owns property required to be valued by the state as provided in section 77-601, 77-682, 77-801, or 77-1248 shall be allowed a compensating exemption factor as provided in the Personal Property Tax Relief Act.

~~(11)(a)~~ (12)(a) Broadband equipment shall be exempt from the personal property tax if such broadband equipment is:

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

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

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

(c) For purposes of this subsection:

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

(ii) Broadband equipment means machinery or equipment used to provide broadband communications service and includes, but is not limited to, wires, cables, fiber, conduits, antennas, poles, switches, routers, amplifiers, rectifiers, repeaters, receivers, multiplexers, duplexers, transmitters, circuit cards, insulating and protective materials and cases, power equipment, backup power equipment, diagnostic equipment, storage devices, modems, and other general central office or headend equipment, such as channel cards, frames, and cabinets, or equipment used in successor technologies, including items used to monitor, test, maintain, enable, or facilitate qualifying equipment, machinery, software, ancillary components, appurtenances, accessories, or other infrastructure that is used in whole or in part to provide broadband communications service. Machinery or equipment used to produce broadband communications service does not include personal consumer electronics, including, but not limited to, smartphones, computers, and tablets; and

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

Sec. 15. Section 77-367, Reissue Revised Statutes of Nebraska, is amended to read:

77-367 (1) The Department of Revenue may contract to procure products and services to develop, deploy, or administer systems or programs which identify nonfilers of returns, underreporters, or nonpayers of taxes administered by the department or improper or fraudulent payments made through programs administered by the department. The department shall enter into at least one such contract by December 31, 2014, and such contract shall be for the purpose of identifying nonfilers of returns with a tax liability in any amount or underreporters or nonpayers of taxes with an outstanding tax liability of at least five thousand dollars. Fees for services, reimbursements, costs incurred by the department, or other remuneration may be funded from the amount of tax, penalty, interest, or other recovery actually collected and shall be paid only after the amount is collected. The Legislature intends to appropriate an amount from the tax, penalty, interest, and other recovery actually collected, not to exceed the amount collected, which is sufficient to pay for services, reimbursements, costs incurred by the department, or other remuneration pursuant to this section. Vendors entering into a contract with the department pursuant to this section are subject to the requirements and penalties of the confidentiality laws of this state regarding tax information.

(2) Ten percent of all proceeds received during each calendar year due to

the contracts entered into pursuant to this section shall be deposited in the Department of Revenue Enforcement Fund ~~for purposes of identifying nonfilers, underreporters, nonpayers, and improper or fraudulent payments.~~

(3) The Tax Commissioner shall submit electronically an annual report to the Revenue Committee of the Legislature and Appropriations Committee of the Legislature on the amount of dollars generated during the previous fiscal year pursuant to this section.

Sec. 16. Section 77-377.01, Reissue Revised Statutes of Nebraska, is amended to read:

77-377.01 The Tax Commissioner may, for the purposes of collecting delinquent taxes due from a taxpayer and in addition to exercising those powers in section 77-27,107, contract with any collection agency licensed pursuant to the Collection Agency Act, within or without the state, for the collection of such delinquent taxes, including penalties and interest thereon. Such delinquent tax claims may be assigned to the collection agency, for the purpose of litigation in the agency's name ~~and at the agency's expense~~, as a means of facilitating and expediting the collection process.

For purposes of this section, a delinquent tax claim shall be defined as a tax liability that is due and owing for a period longer than six months and for which the taxpayer has been mailed at least three notices requesting payment. At least one notice shall include a statement that the matter of such taxpayer's delinquency may be referred to a collection agency in the taxpayer's home state.

Sec. 17. Section 77-377.02, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-377.02 (1) Fees for services, reimbursements, or other remuneration to such collection agency shall be based on the amount of tax, penalty, and interest actually collected and shall not be subject to the requirements of section 73-203 or 73-204. Each contract entered into between the Tax Commissioner and the collection agency shall provide for the payment of fees for such services, reimbursements, or other remuneration not in excess of fifty percent of the total amount of delinquent taxes, penalties, and interest actually collected.

(2) If, at the time a delinquent tax claim is assigned to a collection agency, any collection fees or costs were added to the tax liability pursuant to subsections (1) and (2) of section 6 of this act, then a portion of such fees and costs, up to fifty percent of the balance of the delinquent tax claim, shall be added to the amount owed and collected from the taxpayer along with the fees for the collection agency's services as provided in the contract. The collection fees and costs added to the amount owed and collected from the taxpayer pursuant to this subsection shall be remitted and deposited in the same manner as the taxes being collected. For purposes of this subsection, delinquent tax claim shall have the same meaning as in section 77-377.01.

(3) ~~(2)~~ All funds collected, less the fees for the collection agency's services as provided in the contract, shall be remitted to the Tax Commissioner within forty-five days from the date of collection from a taxpayer. Forms to be used for such remittances shall be prescribed by the Tax Commissioner.

Sec. 18. Section 77-382, Revised Statutes Cumulative Supplement, 2024, is amended to read:

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

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

(a) Agriculture, which shall include a separate listing for the following items: Agricultural machinery; agricultural chemicals; seeds sold to commercial producers; water for irrigation and manufacturing; commercial artificial insemination; ~~mineral oil as dust suppressant~~; animal grooming; oxygen for use in aquaculture; animal life whose products constitute food for human consumption; and grains;

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

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

(d) Consumer goods, which shall include a separate listing for the following items: Motor vehicles and motorboat trade-ins; merchandise trade-ins; certain medical equipment and medicine; newspapers; laundromats; telefloral

deliveries; motor vehicle discounts for the disabled; and political campaign fundraisers;

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

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

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

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

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

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

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

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

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

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

Sec. 19. Section 77-3,109, Reissue Revised Statutes of Nebraska, is amended to read:

77-3,109 (1) The Department of Revenue may charge persons and state agencies for the following publications of the Department of Revenue: Department of Revenue Annual Report, Package XN, Department of Revenue Tax Expenditure Report, and the Department of Revenue State Funds Booklet. The Tax Commissioner shall set the price of such publications which shall be the cost of production.

(2) The Department of Revenue shall remit all funds received under this section to the State Treasurer for credit to the Department of Revenue Enforcement Fund.

Sec. 20. Section 77-3,110, Revised Statutes Supplement, 2025, is amended to read:

77-3,110 ~~The (1) All funds received pursuant to sections 77-3,109 and 77-3,118 shall be remitted to the State Treasurer for credit to the Department of Revenue Miscellaneous Receipts Fund which is hereby created. The fund terminates on July 1, 2026, and the State Treasurer shall transfer any money in the fund on such date to the Department of Revenue Enforcement Fund.~~

~~(2) All money in the Department of Revenue Miscellaneous Receipts Fund shall be administered by the Department of Revenue and shall be used to defray the cost of production of the publications listed in section 77-3,109 or of the listings described in section 77-3,118 and to carry out any administrative responsibilities of the department.~~

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

Sec. 21. Section 77-3,118, Reissue Revised Statutes of Nebraska, is amended to read:

77-3,118 (1) The Department of Revenue may charge persons and state agencies for any listings made by the department of information that is not

confidential. The Tax Commissioner shall set the price of such listings which shall be the cost of production.

(2) The Department of Revenue shall remit all funds received under this section to the State Treasurer for credit to the Department of Revenue Enforcement Fund.

Sec. 22. Section 77-2704.12, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-2704.12 (1) Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by (a) any nonprofit organization created exclusively for religious purposes, (b) any nonprofit organization providing services exclusively to the blind, (c) any nonprofit private educational institution established under sections 79-1601 to 79-1607, (d) any accredited, nonprofit, privately controlled college or university with its primary campus physically located in Nebraska, (e) any nonprofit (i) hospital, (ii) health clinic when one or more hospitals or the parent corporations of the hospitals own or control the health clinic for the purpose of reducing the cost of health services or when the health clinic receives federal funds through the United States Public Health Service for the purpose of serving populations that are medically underserved, (iii) skilled nursing facility, (iv) intermediate care facility, (v) assisted-living facility, (vi) intermediate care facility for persons with developmental disabilities, (vii) nursing facility, (viii) home health agency, (ix) hospice or hospice service, (x) respite care service, (xi) mental health substance use treatment center licensed under the Health Care Facility Licensure Act, or (xii) center for independent living as defined in 29 U.S.C. 796a, (f) any nonprofit licensed residential child-caring agency, (g) any nonprofit licensed child-placing agency, (h) any nonprofit organization certified by the Department of Health and Human Services to provide community-based services for persons with developmental disabilities, or (i) any nonprofit organization certified or contracted by a regional behavioral health authority or the Division of Behavioral Health of the Department of Health and Human Services to provide community-based mental health or substance use services, ~~or (j) any nonprofit organization for purchases of property that will be transferred to an organization listed in subdivisions (a) through (i) of this subsection until the property is transferred or the contract is completed, provided that the nonprofit organization (i) acquires property that will be transferred to an organization listed in subdivisions (a) through (i) of this subsection or (ii) enters into a contract of construction, improvement, or repair upon property annexed to real estate if the property will be transferred to an organization listed in subdivisions (a) through (i) of this subsection.~~

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

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

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

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

Sec. 23. Section 77-2704.46, Reissue Revised Statutes of Nebraska, is amended to read:

77-2704.46 Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of:

(1) Any form of animal life of a kind the products of which ordinarily

constitute food for human consumption. Animal life includes live poultry ~~, other species of game birds subject to permit and regulation by the Game and Parks Commission,~~ and livestock on the hoof when sales are made by the grower, producer, feeder, or any person engaged in the business of bartering, buying, or selling live poultry ~~, other species of game birds subject to permit and regulation by the Game and Parks Commission,~~ or livestock on the hoof;

(2) Seeds and annual plants, the products of which ordinarily constitute food for human consumption and which seeds and annual plants are sold to commercial producers of such products, and seed legumes, seed grasses, and seed grains when sold to be used exclusively for agricultural purposes;

(3) Agricultural chemicals, adjuvants, surfactants, bonding agents, clays, oils, and any other additives or compatibility agents for use in commercial agriculture and applied to land or crops and sold in any tax period that has not been closed by the applicable statute of limitations. Agricultural chemicals does not mean chemicals, adjuvants, surfactants, bonding agents, clays, oils, and any other additives or compatibility agents applied to harvested grains stored in commercial elevators; or

(4) Oxygen for use in aquaculture as defined in section 2-3804.01.

Sec. 24. Section 77-2715.07, Revised Statutes Supplement, 2025, is amended to read:

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

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

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

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

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

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

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

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

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

(f) A refundable credit as provided in section 77-7203 for individuals who qualify for an income tax credit under the Child Care Tax Credit Act for all taxable years beginning or deemed to begin on or after January 1, 2024, under the Internal Revenue Code of 1986, as amended.

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

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

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

partnership, subchapter S corporation, estate, trust, or limited liability company income;

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

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

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

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

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

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

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

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

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

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

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

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

(b) A credit to all estates and trusts for (i) contributions to programs or projects certified for tax credit status as provided in the Creating High Impact Economic Futures Act and (ii) contributions to certified community betterment programs as provided in the Community Development Assistance Act; and

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

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

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

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

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

(7)(a) For taxable years beginning or deemed to begin on or after January 1, 2020, and before January 1, 2032, under the Internal Revenue Code of 1986, as amended, a nonrefundable credit against the income tax imposed by the Nebraska Revenue Act of 1967 in the amount of five thousand dollars shall be allowed to any individual who purchases a residence during the taxable year if such residence:

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

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

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

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

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

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

(e) For purposes of this subsection, family member means an individual's

spouse, child, parent, brother, sister, grandchild, or grandparent, whether by blood, marriage, or adoption.

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

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

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

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

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

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

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

(10) There shall be allowed to all individuals nonrefundable credits against the income tax imposed by the Nebraska Revenue Act of 1967 as provided in section 77-7204.

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

Sec. 25. Section 77-2717, Revised Statutes Cumulative Supplement, 2024, is amended to read:

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

(ii) For taxable years beginning or deemed to begin on or after January 1, 2014, the tax imposed on all resident estates and trusts shall be a percentage of the federal taxable income of such estates and trusts as modified in section 77-2716, plus a percentage of the federal tax on premature or lump-sum distributions from qualified retirement plans. The additional taxes shall be recomputed by substituting Nebraska taxable income for federal taxable income and applying Nebraska rates to the result. The credits provided in the Nebraska Advantage Microenterprise Tax Credit Act and the Nebraska Advantage Research and Development Act shall be allowed as a reduction in the income tax due. A refundable income tax credit shall be allowed for all resident estates and trusts under the Angel Investment Tax Credit Act, the Cast and Crew Nebraska Act, the Domestic Violence and Human Trafficking Service Providers Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the Relocation Incentive Act, and the Renewable Chemical Production Tax Credit Act. A nonrefundable income tax credit shall be allowed for all resident estates and trusts as provided in the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax Credit Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline Rail Modernization Act, the Nebraska Pregnancy Help Act, the Individuals with Intellectual and Developmental Disabilities Support Act, and sections 77-27,238, 77-27,240, and 77-27,241.

(b) The tax imposed on all nonresident estates and trusts shall be the portion of the tax imposed on resident estates and trusts which is attributable to the income derived from sources within this state. The tax which is attributable to income derived from sources within this state shall be determined by multiplying the liability to this state for a resident estate or trust with the same total income by a fraction, the numerator of which is the nonresident estate's or trust's Nebraska income as determined by sections 77-2724 and 77-2725 and the denominator of which is its total federal income

after first adjusting each by the amounts provided in section 77-2716. The federal credit for prior year minimum tax, after the recomputations required by the Nebraska Revenue Act of 1967, reduced by the percentage of the total income which is attributable to income from sources outside this state, and the credits provided in the Nebraska Advantage Microenterprise Tax Credit Act and the Nebraska Advantage Research and Development Act shall be allowed as a reduction in the income tax due. A refundable income tax credit shall be allowed for all nonresident estates and trusts under the Angel Investment Tax Credit Act, the Cast and Crew Nebraska Act, the Domestic Violence and Human Trafficking Service Providers Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the Relocation Incentive Act, and the Renewable Chemical Production Tax Credit Act. A nonrefundable income tax credit shall be allowed for all nonresident estates and trusts as provided in the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax Credit Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline Rail Modernization Act, the Nebraska Pregnancy Help Act, the Individuals with Intellectual and Developmental Disabilities Support Act, and sections 77-27,238, 77-27,240, and 77-27,241.

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

(3) The beneficiaries of such estate or trust who are residents of this state shall include in their income their proportionate share of such estate's or trust's federal income and shall reduce their Nebraska tax liability by their proportionate share of the credits as provided in the Angel Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax Credit Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the Relocation Incentive Act, the Renewable Chemical Production Tax Credit Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline Rail Modernization Act, the Cast and Crew Nebraska Act, the Nebraska Pregnancy Help Act, the Individuals with Intellectual and Developmental Disabilities Support Act, the Domestic Violence and Human Trafficking Service Providers Tax Credit Act, and sections 77-27,238, 77-27,240, and 77-27,241. There shall be allowed to a beneficiary a refundable income tax credit under the Beginning Farmer Tax Credit Act for all taxable years beginning or deemed to begin on or after January 1, 2001, under the Internal Revenue Code of 1986, as amended.

(4) If any beneficiary of such estate or trust is a nonresident during any part of the estate's or trust's taxable year, he or she shall file a Nebraska income tax return which shall include (a) in Nebraska adjusted gross income that portion of the estate's or trust's Nebraska income, as determined under sections 77-2724 and 77-2725, allocable to his or her interest in the estate or trust and (b) a reduction of the Nebraska tax liability by his or her proportionate share of the credits as provided in the Angel Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax Credit Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the Relocation Incentive Act, the Renewable Chemical Production Tax Credit Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline Rail Modernization Act, the Cast and Crew Nebraska Act, the Nebraska Pregnancy Help Act, the Individuals with Intellectual and Developmental Disabilities Support Act, the Domestic Violence and Human Trafficking Service Providers Tax Credit Act, and sections 77-27,238, 77-27,240, and 77-27,241 and shall execute and forward to the fiduciary, on or before the original due date of the Nebraska fiduciary return, an agreement which states that he or she will file a Nebraska income tax return and pay income tax on all income derived from or connected with sources in this state, and such agreement shall be attached to the Nebraska fiduciary return for such taxable year.

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

beneficiary's share of the estate or trust income which was derived from or attributable to sources within this state. For taxable years beginning or deemed to begin on or after January 1, 2013, the amount of remittance, in such instance, shall be the highest individual income tax rate determined under section 77-2715.03 multiplied by the nonresident beneficiary's share of the estate or trust income which was derived from or attributable to sources within this state. The amount remitted shall be allowed as a credit against the Nebraska income tax liability of the beneficiary.

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

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

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

Sec. 26. Section 77-2734.03, Revised Statutes Supplement, 2025, is amended to read:

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

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

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

(2) There shall be allowed to corporate taxpayers a tax credit for (a) contributions to programs or projects certified for tax credit status as provided in the Creating High Impact Economic Futures Act and (b) contributions to certified community betterment programs as provided in the Community Development Assistance Act.

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

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

(5) There shall be allowed to corporate taxpayers refundable income tax credits under the Nebraska Advantage Microenterprise Tax Credit Act, the Cast and Crew Nebraska Act, the Domestic Violence and Human Trafficking Service Providers Tax Credit Act, the Nebraska Advantage Research and Development Act, the Nebraska Biodiesel Tax Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the Relocation Incentive Act, and the Renewable Chemical Production Tax Credit Act.

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

(7) There shall be allowed to corporate taxpayers a nonrefundable income tax credit as provided in the Nebraska Job Creation and Mainstreet Revitalization Act, the New Markets Job Growth Investment Act, the School Readiness Tax Credit Act, the Child Care Tax Credit Act, the Affordable Housing Tax Credit Act, the Sustainable Aviation Fuel Tax Credit Act, the Nebraska Shortline Rail Modernization Act, the Nebraska Pregnancy Help Act, the Individuals with Intellectual and Developmental Disabilities Support Act, and sections 77-27,238, 77-27,240, and 77-27,241.

Sec. 27. Section 77-27,107, Reissue Revised Statutes of Nebraska, is amended to read:

77-27,107 (1) When notice and demand for the payment of income tax is given to a taxpayer and it appears to the Tax Commissioner that it is not

practicable to locate property of the taxpayer sufficient in amount to cover the amount of tax due, he or she shall send a copy of the notice provided for in the Uniform State Tax Lien Registration and Enforcement Act to the taxpayer at his or her last-known address together with a notice that such notice has been filed with the appropriate filing officer. Thereafter, the Tax Commissioner may authorize the institution of any action or proceeding to collect or enforce such claim in any place and by any procedure that a civil judgment of a court of record of this state could be collected or enforced.

(2) The Tax Commissioner may register a claim for any delinquent taxes due and owing as a judgment in the office of the clerk of the district court of Lancaster County in the same manner as a foreign judgment is filed under the Nebraska Uniform Enforcement of Foreign Judgments Act.

(3) The Tax Commissioner may also in his or her discretion designate agents or retain counsel for the purpose of collecting any income taxes due under the Nebraska Revenue Act of 1967. He or she may fix the compensation of such agents and counsel to be paid out of money appropriated or otherwise lawfully available for payment thereof and he or she may require of them bonds or other security for the faithful performance of their duties.

(4) The Tax Commissioner may enter into agreements with the tax departments of other states and the District of Columbia for the collection of income taxes from persons found in those jurisdictions who are delinquent in the payment of income taxes imposed under such act.

Sec. 28. Section 77-27,235, Reissue Revised Statutes of Nebraska, is amended to read:

77-27,235 (1) Beginning on or after July 14, 2006, and before July 1, 2026, any producer of electricity generated by a new renewable electric generation facility shall earn a renewable energy tax credit. For electricity generated on or after July 14, 2006, and before October 1, 2007, the credit shall be .075 cent for each kilowatt-hour of electricity generated by a new renewable electric generation facility. For electricity generated on or after October 1, 2007, and before January 1, 2010, the credit shall be .1 cent for each kilowatt-hour of electricity generated by a new renewable electric generation facility. For electricity generated on or after January 1, 2010, and before January 1, 2013, the credit shall be .075 cent per kilowatt-hour for electricity generated by a new renewable electric generation facility. For electricity generated on or after January 1, 2013, and before July 1, 2026, the credit shall be .05 cent per kilowatt-hour for electricity generated by a new renewable electric generation facility. The credit may be earned for production of electricity for ten years after the date that the facility is placed in operation on or after July 14, 2006.

(2) For purposes of this section:

(a) Electricity generated by a new renewable electric generation facility means electricity that is exclusively produced by a new renewable electric generation facility;

(b) Eligible renewable resources means wind, moving water, solar, geothermal, fuel cell, methane gas, or photovoltaic technology; and

(c) New renewable electric generation facility means an electrical generating facility located in this state that is first placed into service on or after July 14, 2006, which utilizes eligible renewable resources as its fuel source.

(3) The credit allowed under this section may be used to reduce the producer's Nebraska income tax liability or to obtain a refund of state sales and use taxes paid by the producer of electricity generated by a new renewable electric generation facility. A claim to use the credit for refund of the state sales and use taxes paid, either directly or indirectly, by the producer may be filed quarterly for electricity generated during the previous quarter by the twentieth day of the month following the end of the calendar quarter. The credit may be used to obtain a refund of state sales and use taxes paid during the quarter immediately preceding the quarter in which the claim for refund is made, except that the amount refunded under this subsection shall not exceed the amount of the state sales and use taxes paid during the quarter.

(4) The Department of Revenue may adopt and promulgate rules and regulations to permit verification of the validity and timeliness of any renewable energy tax credit claimed.

(5) The total amount of renewable energy tax credits that may be used by all taxpayers shall be limited to fifty thousand dollars without further authorization from the Legislature.

(6) The credit allowed under this section may not be claimed by a producer who received a sales tax exemption under section 77-2704.57, as such section existed on June 30, 2026, for the new renewable electric generation facility.

(7) Interest shall not be allowed on any refund paid under this section.

Sec. 29. Section 77-3003, Revised Statutes Supplement, 2025, is amended to read:

77-3003 (1) Any distributor shall be required to procure a biennial license from the Tax Commissioner permitting him or her to place and either directly or indirectly control or manage a mechanical amusement device within the State of Nebraska. The Tax Commissioner, upon the application of any person, may issue a license, subject to the same limitations as an operator's license under section 77-3002. If the applicant is an individual, the application shall include the applicant's social security number.

(2)(a) Except for an applicant that holds a liquor license under the Nebraska Liquor Control Act, an applicant for or person holding a license as a distributor of a cash device shall be subject to a background check at any time

by the department including fingerprinting and a check of his or her criminal history record information maintained by the Identification Division of the Federal Bureau of Investigation through the Nebraska State Patrol for the purpose of determining whether the Department of Revenue has a basis to deny the license application or to suspend, cancel, revoke, or terminate the person's license. Each applicant for or person holding a license pursuant to this section shall also submit a personal history report to the department on a form provided by the department and may be subject to a background investigation, an inspection of the applicant's or licensee's facilities, or both. An applicant or licensee shall pay the costs associated with the background check along with any required fees as determined by the department.

(b) The Tax Commissioner has the authority to deny any application for a license as a distributor of a cash device for cause. Cause for denial of a license application includes instances in which the applicant individually, or in the case of a business entity, any officer, director, employee, or limited liability company member of the applicant or licensee other than an employee whose duties are purely ministerial in nature:

(i) Violated the provisions, requirements, conditions, limitations, or duties imposed by the Mechanical Amusement Device Tax Act or any rules or regulations adopted and promulgated pursuant to the act;

(ii) Knowingly caused, aided, abetted, or conspired with another to cause any person to violate any of the provisions of the act or any rules or regulations adopted and promulgated pursuant to the act;

(iii) Obtained a license or permit under the act by fraud, misrepresentation, or concealment;

(iv) Has been convicted of, forfeited bond upon a charge of, or pleaded guilty or nolo contendere to any offense or crime, whether a felony or a misdemeanor, involving any gambling activity or fraud, theft, willful failure to make required payments or reports, or filing false reports with a governmental agency at any level;

(v) Denied the department or its authorized representatives, including authorized law enforcement agencies, access to any place where activity required to be licensed under the act is being conducted or failed to produce for inspection or audit any book, record, document, or item required by law, rule, or regulation;

(vi) Made a misrepresentation of or failed to disclose a material fact to the department;

(vii) Failed to prove by clear and convincing evidence such applicant's qualifications to be licensed in accordance with the act;

(viii) Failed to pay any taxes and additions to taxes, including penalties and interest required by the act or any other taxes imposed pursuant to the Nebraska Revenue Act of 1967; or

(ix) Has been cited for a violation of the Nebraska Liquor Control Act and had a liquor license suspended, canceled, or revoked by the Nebraska Liquor Control Commission for illegal gambling activities on or about the premises licensed by the commission pursuant to the Nebraska Liquor Control Act or the rules and regulations adopted and promulgated pursuant to such act.

(c) No renewal of a license issued pursuant to this section shall be issued when the applicant for renewal would not be eligible for a license upon a first application.

(3) Beginning January 1, 2025, the biennial license for a distributor of a cash device shall be accompanied by a fee of two hundred dollars per cash device up to a maximum of ten thousand dollars. The Department of Revenue shall remit all license fees collected by the department pursuant to this section to the State Treasurer for credit to the Department of Revenue Enforcement Fund.

(4) The Tax Commissioner has the authority to suspend or revoke the license of any distributor that is in violation of the Mechanical Amusement Device Tax Act.

(5) Beginning on the implementation date designated by the Tax Commissioner pursuant to subsection (2) of section 9-1312, prior to the winnings payment of any cash device winnings as defined in section 9-1303, a distributor of a cash device shall check the collection system to determine if the winner has a debt or an outstanding state liability as required by the Gambling Winnings Setoff for Outstanding Debt Act. If such distributor determines that the winner is subject to the collection system, the distributor shall deduct the amount of debt and outstanding state liability identified in the collection system from the winnings payment and shall remit the net winnings payment of cash device winnings, if any, to the winner and the amount deducted to the Department of Revenue to be credited against such debt or outstanding state liability as provided in section 9-1306.

Sec. 30. Section 77-3003.01, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-3003.01 (1)(a) The Tax Commissioner or his or her agents or employees, at the direction of the Tax Commissioner, or any peace officer of this state may seize, without a warrant, any mechanical amusement device if there is cause to believe such mechanical amusement device is not in compliance with the Mechanical Amusement Device Tax Act or any rules and regulations adopted and promulgated under the act or if the department determines the response to a request for information is materially deficient without good cause. In addition to seizure, any person placing in service or operating a cash device constituting an illegal game of chance or an unlicensed cash device of any kind within this state shall be subject to a penalty of up to one thousand dollars for each day of such operation. The Tax Commissioner has the authority to

suspend or revoke the license of any operator, manufacturer, or distributor of a cash device that is in violation of this section.

(b) For purposes of this subsection, a mechanical amusement device is subject to seizure and penalties as if it were a game of chance if:

(i) The mechanical amusement device is a cash device; and

(ii) The mechanical amusement device does not bear an unexpired decal as required under the Mechanical Amusement Device Tax Act.

(c) This section does not apply to any device (i) used in any bingo, lottery by the sale of pickle cards, or other lottery, raffle, or gift enterprise conducted in accordance with the Nebraska Bingo Act, Nebraska County and City Lottery Act, Nebraska Lottery and Raffle Act, Nebraska Pickle Card Lottery Act, Nebraska Small Lottery and Raffle Act, State Lottery Act, or section 9-701, (ii) used for a prize contest as defined in section 28-1101, (iii) specifically authorized by the laws of this state, or (iv) regulated under the Nebraska Racetrack Gaming Act.

(2) To receive a determination from the department that a cash device is in compliance with the Mechanical Amusement Device Tax Act and any rules and regulations adopted and promulgated under the act, a manufacturer or distributor of the device shall:

(a) Submit an application to the Tax Commissioner containing information regarding the device's location, software, Internet connectivity, and configuration as may be required by the Tax Commissioner;

(b)(i) (b) Submit an application fee as provided in subdivision (b)(ii) of this subsection. of five hundred dollars;

(ii) The application fee shall be:

(A) Five hundred dollars prior to January 1, 2027; and

(B) Six hundred fifty dollars beginning January 1, 2027;

(c) Provide a specimen of the proposed cash device;

(d) Provide all supporting evidence, including a report by an independent testing laboratory certified by the Tax Commissioner, to the Tax Commissioner indicating that, under all configurations, settings, and modes of operation, operation of the cash device constitutes a game of skill and not a game of chance and the use, operation, sale, or manufacture of the cash device would not constitute a violation of section 28-1107; and

(e) Provide an affidavit from the manufacturer or distributor affirming that no functional changes in hardware or software will be made to the approved cash device without further approval from the Tax Commissioner.

(3) The Tax Commissioner shall issue a response in writing to the applicant within forty-five days after the applicant has completed and submitted all application requirements. The Tax Commissioner's response shall state the reason for any denial or the reasons a determination cannot be made.

(4)(a) A cash device shall not be considered a game of skill if one or more of the following apply:

(i) The ability of any player to succeed at the game played on the cash device is impacted by the number or ratio of prior wins to prior losses of players playing such cash device;

(ii) The ability of the player to succeed at the game played on the cash device is impacted by the ability of any person to set a specified win-loss ratio for the cash device or by the cash device having a predetermined win-loss percentage;

(iii) The outcome of the game played on the cash device can be controlled by a source other than any player playing the cash device;

(iv) The success of any player is or may be determined by a chance event which cannot be altered by player action;

(v) There is no possibility for the player to win every game played on the cash device or there are unwinnable games or game modes on the cash device;

(vi) The ability of any player to succeed at the game played on the cash device requires the exercise of skill that no reasonable player could exercise; or

(vii) The primary determination of the prize amount is determined by the presentation or generation of a particular puzzle or group of symbols dealt to the player and the player does not have control over the puzzle or group of symbols presented.

(b) For purposes of this subsection, reasonable player means a player with an average level of intelligence, physical and mental skills, reaction time, and dexterity.

(5) The department or any court considering whether a gambling device is a game of skill may consider:

(a) The results of an analysis by the independent testing laboratory certified by the Tax Commissioner to evaluate the reaction time required for a player of a particular game on such cash device to perform the tasks required by the game to win; or

(b) The results of an analysis by the independent testing laboratory certified by the Tax Commissioner to evaluate factors set forth by the Tax Commissioner, other than reaction time, required for the player of a particular game on such cash device to perform the tasks required by the game to win.

(6) Factors which are not sufficient indications of a skill-based game include, but are not limited to:

(a) Whether a comprehensive list of prizes or outcomes is offered to the player or whether all outcomes are drawn from a finite pool of predetermined outcomes or starting positions;

(b) Whether a player can increase his or her chance of winning based on knowledge of probabilities in general or the probabilities of any particular

prize or outcome in a game or on a cash device;

(c) Whether a player can simply choose not to play before committing money or credits; or

(d) A game task consisting solely of moving a symbol up or down, replacing one symbol with another, or any similar action, with or without a timer.

(7) Upon approval of an application based on a determination that the mechanical amusement device is a game of skill and not a game of chance, the Tax Commissioner shall issue a mechanical amusement device decal for the device as configured and as provided in subsection (8) of this section. No mechanical amusement device decal shall be issued for any cash device unless the department has determined that (a) such cash device is a game of skill and not a game of chance and that the manufacture, sale, transport, placement, possession, or operation of such cash device does not constitute a violation of section 28-1107 and (b) the appearance of such cash device does not violate subsection (9) of this section. If the Tax Commissioner does not approve the application for the cash device, the application shall be denied and the operator shall have the opportunity for an administrative hearing before the Tax Commissioner at which evidence may be presented on the issue of whether the cash device is specifically authorized by law and is not a gambling device as defined in section 28-1101. After such hearing, the Tax Commissioner shall enter a final decision approving or denying the application. The Tax Commissioner's final decision may be appealed, and the appeal shall be in accordance with the Administrative Procedure Act.

(8)(a) Upon approval of a specimen of a cash device as a game of skill under this section, the department may issue a mechanical amusement device decal for each such cash device:

(i) If certified by the manufacturer to be functionally identical in both hardware and software configurations to the specimen provided to the department; and

(ii) If the application fee described in subdivision (2)(b) of this section and the annual decal fee described in subdivision (c) of this subsection have been paid.

(b)(i) In order for a distributor or operator of a cash device to place a cash device into operation at a retail establishment, other than a retail establishment owned or operated by a fraternal benefit society organized and licensed under sections 44-1072 to 44-10,109 or a recognized veterans organization as defined in section 80-401.01, such retail establishment shall generate at least sixty percent of the gross operating revenue of such retail establishment from sources other than the total gross operating revenue of any cash devices located within the retail establishment.

(ii) The number of cash devices permitted at any retail establishment shall not exceed the lesser of either:

(A) Except for a fraternal benefit society organized and licensed under sections 44-1072 to 44-10,109 or a recognized veterans organization as defined in section 80-401.01, the number of cash devices it takes to generate forty percent of the gross operating revenue of the retail establishment; or

(B) Five ~~Four~~ cash devices or four cash devices for an establishment located in a qualified census tract, except that an establishment with over four thousand square feet may have one cash device for each one thousand square feet, up to a maximum of fifteen cash devices.

(c)(i) ~~(e)~~ The distributor or operator of a cash device shall pay an annual decal fee as provided in subdivision (c)(ii) of this subsection of two hundred fifty dollars to the department for each cash device in operation in Nebraska. The decal issued under this section shall be distinct from other decals issued by the department for mechanical amusement devices that are not required to be evaluated under this section. Regardless of the issuance of a decal by the department, no cash device shall be considered in compliance if it does not bear an unexpired decal in a conspicuous place.

(ii) For each cash device in operation in Nebraska the annual decal fee shall be:

(A) Two hundred fifty dollars prior to January 1, 2027; and

(B) Three hundred fifty dollars beginning January 1, 2027.

(d)(i) A decal issued under this subsection shall be replaced by the department without the payment of an additional fee under the following circumstances:

(A) If the decal is damaged through no fault of the distributor or operator; or

(B) If the cabinet on the cash device is destroyed beyond repair through no fault of the distributor or operator.

(ii) A replacement decal is not required (A) if the internal components of the cash device require replacement due to failure or damage and the replacement of such components does not change the approved cash device software currently on the device or (B) when cash device software is updated to improve security or resolve issues or defects.

(iii) Any replacement decal will be valid for the same time period as the decal that was first issued.

(9)(a) An operator, distributor, or manufacturer of a cash device shall not market, advertise, promote, or make available any cash device in this state if the device or its container, packaging, or advertising materials:

(i) Depict a cartoon-like or fictional character primarily used to appeal to minors; or

(ii) Imitate or mimic the trademark, trade dress, branding, or packaging of products primarily marketed to minors.

(b)(i) No person shall place or permit exterior advertising for a cash device on or about any premises where such device is located except as provided in this section.

(ii) Each premises where a cash device is located may display not more than three exterior signs advertising the availability of a cash device available for play at such location. Any such sign shall:

(A) Not exceed eleven inches in height and seventeen inches in width; and

(B) Be permanently affixed to the exterior of the building that contains a cash device.

(iii) No exterior banner, flag, window wraps, digital display, vehicle wrap, or other exterior advertising media shall be used to advertise a cash device other than the signs permitted pursuant to subdivision (9)(b)(ii) of this section.

~~(10)~~ (9) The application process described in this section shall not be construed to limit further investigation by the department or the issuance of further regulations to promote compliance after the application process is completed. At any point after a determination of skill by the department, the department may request from the manufacturer, distributor, or operator information about any cash device in operation in this state, including, but not limited to, information regarding currently operable source code, changes to software or hardware, and communications from or to the device over the Internet. A manufacturer, distributor, or operator that receives a request shall respond with all responsive information in its possession or control within fifteen business days.

~~(11)~~ (10) If a manufacturer or distributor receives a determination from the department that a cash device is not in compliance with the Mechanical Amusement Device Tax Act, such manufacturer or distributor shall have thirty days after the issuance of that determination to (a) provide proof of correction and compliance or (b) remove any such cash device from operation in Nebraska.

~~(12)~~ (11) Application fees collected under subsection (2) of this section and annual decal fees collected under subsection (8) of this section shall be remitted to the State Treasurer for credit to the Department of Revenue Enforcement Fund.

Sec. 31. Section 77-3003.02, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-3003.02 (1) No cash device shall be operated using a credit card, charge card, or debit card.

(2) No person under twenty-one years of age shall play or participate in any way in the operation of a cash device. No distributor, operator, or employee or agent of any distributor or operator shall knowingly permit any individual under twenty-one years of age to play or participate in any way in the operation of a cash device. The distributor, operator, or employee or agent shall verify the age of any individual requesting to play a cash device and shall comply with subsection (3) of this section.

(3) Beginning August 1, 2026, an operator of a cash device shall not make such device available for play at a retail establishment unless an attendant is physically present on the premises of such retail establishment and capable of actively supervising play of such cash device. An attendant shall be considered to be actively supervising play of such cash device if the attendant:

(a) Visually confirms the age of the player; and

(b) Continuously monitors the area in which a cash device is located and intervenes to prevent play of a cash device by any person under twenty-one years of age.

(4) ~~(2)~~ No distributor or operator shall charge a fee or require a gratuity in return for the payment of any prize money won by a player of a cash device.

(5) ~~(3)~~ The Tax Commissioner has the authority to suspend or revoke the license of any distributor or operator of a cash device for a violation of this section.

~~(6)~~ (4) The department shall adopt and promulgate rules and regulations for the implementation and enforcement of this section ~~as long as such rules and regulations do not restrict how a cash device manufacturer, distributor, or operator markets or advertises the existence of a cash device, unless the advertiser or marketer of a cash device is willfully conflating the cash device play with casino-style gambling or slot machine wagering.~~

Sec. 32. Section 77-3003.03, Revised Statutes Supplement, 2025, is amended to read:

77-3003.03 (1) A manufacturer of a cash device shall be required to procure a biennial license from the Tax Commissioner permitting such manufacturer to place any cash devices in the State of Nebraska for sale, lease, or distribution through a third party. The Tax Commissioner, upon the application of any person, may issue a license subject to the same limitations as an operator's license under section 77-3002. If the applicant is an individual, the application shall include the applicant's social security number. The license fee for a manufacturer of a cash device shall be ten thousand dollars. The Department of Revenue shall remit all license fees collected by the department pursuant to this section to the State Treasurer for credit to the Department of Revenue Enforcement Fund.

(2)(a) Each applicant for or person holding a license as a manufacturer of a cash device shall be subject to a background check at any time by the department including fingerprinting and a check of his or her criminal history record information maintained by the Identification Division of the Federal

Bureau of Investigation through the Nebraska State Patrol for the purpose of determining whether the Department of Revenue has a basis to deny the license application or to suspend, cancel, revoke, or terminate the person's license. Each applicant for or person holding a license pursuant to this section shall also submit a personal history report to the department on a form provided by the department and may be subject to a background investigation, an inspection of the applicant's or licensee's facilities, or both. An applicant or licensee shall pay the costs associated with the background check and any required fees as determined by the department.

(b) The Tax Commissioner has the authority to deny a license for a manufacturer of a cash device for cause. Cause for denial of a license application includes instances in which the applicant individually, or in the case of a business entity, any officer, director, employee, or limited liability company member of the applicant or licensee other than an employee whose duties are purely ministerial in nature:

(i) Violated the provisions, requirements, conditions, limitations, or duties imposed by the Mechanical Amusement Device Tax Act or any rules or regulations adopted and promulgated pursuant to the act;

(ii) Knowingly caused, aided, abetted, or conspired with another to cause any person to violate any of the provisions of the act or any rules or regulations adopted and promulgated pursuant to the act;

(iii) Obtained a license or permit under the act by fraud, misrepresentation, or concealment;

(iv) Has been convicted of, forfeited bond upon a charge of, or pleaded guilty or nolo contendere to any offense or crime, whether a felony or a misdemeanor, involving any gambling activity or fraud, theft, willful failure to make required payments or reports, or filing false reports with a governmental agency at any level;

(v) Denied the department or its authorized representatives, including authorized law enforcement agencies, access to any place where activity required to be licensed under the act is being conducted or failed to produce for inspection or audit any book, record, document, or item required by law, rule, or regulation;

(vi) Made a misrepresentation of or failed to disclose a material fact to the department;

(vii) Failed to prove by clear and convincing evidence such applicant's qualifications to be licensed in accordance with the act;

(viii) Failed to pay any taxes and additions to taxes, including penalties and interest required by the act or any other taxes imposed pursuant to the Nebraska Revenue Act of 1967; or

(ix) Has been cited for a violation of the Nebraska Liquor Control Act and had a liquor license suspended, canceled, or revoked by the Nebraska Liquor Control Commission for illegal gambling activities on or about the premises licensed by the commission pursuant to the Nebraska Liquor Control Act or the rules and regulations adopted and promulgated pursuant to such act.

(c) No renewal of a license pursuant to this section shall be issued when the applicant for renewal would not be eligible for a license upon a first application.

(3) The Tax Commissioner has the authority to suspend or revoke the license of any manufacturer of a cash device that is in violation of the Mechanical Amusement Device Tax Act.

Sec. 33. Section 77-3004, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-3004 (1) An occupation tax is hereby imposed and levied, in the amount and in accordance with the terms and conditions stated in this section, upon the business of operating mechanical amusement devices that are not cash devices within the State of Nebraska for profit or gain either directly or indirectly received. Every person who now or hereafter engages in the business of operating such mechanical amusement devices that are not cash devices in the State of Nebraska shall pay such occupation tax in the amount and manner specified in this section.

(2) Any distributor or operator of a mechanical amusement device that is not a cash device within the State of Nebraska shall pay an occupation tax for each such mechanical amusement device which he or she places into operation during all of the taxable year. The occupation tax shall be due and payable on January 1 of each year on each mechanical amusement device that is not a cash device in operation on that date, except that it shall be unlawful to pay any such occupation tax unless the sales or use tax has been paid on such mechanical amusement devices. For every mechanical amusement device that is not a cash device put into operation on a date subsequent to January 1, and which has not been included in computing the occupation tax imposed and levied by the Mechanical Amusement Device Tax Act, the occupation tax shall be due and payable therefor prior to the time the mechanical amusement device is placed in operation. ~~All occupation taxes collected pursuant to the act shall be remitted to the State Treasurer for credit to the General Fund.~~

(3) The amount of the occupation tax for each mechanical amusement device that is not a cash device shall be:

(a) Thirty-five ~~thirty-five~~ dollars for ~~each mechanical amusement device that is not a cash device~~ for any period beginning on or after January 1, 2000, and prior to January 1, 2027, except that for such mechanical amusement devices placed in operation after July 1, and before January 1 of any such each year, the occupation tax shall be twenty dollars for each mechanical amusement device; and -

(b) For calendar year 2027 and each calendar year thereafter, seventy dollars.

(4) The occupation taxes collected pursuant to this section shall be remitted to the State Treasurer for credit as follows:

(a) Twenty percent of such amount to the Department of Revenue Enforcement Fund; and

(b) Eighty percent of such amount to the General Fund.

Sec. 34. Section 77-3006, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-3006 (1) The administration of the Mechanical Amusement Device Tax Act is hereby vested in the Tax Commissioner subject to other provisions of law relating to the Tax Commissioner. The Tax Commissioner may prescribe, adopt and promulgate, and enforce rules and regulations relating to the administration and enforcement of the act and may delegate authority to his or her representatives to conduct hearings or perform any other duties imposed under the act. The Tax Commissioner shall ~~may~~ adopt and promulgate rules and regulations necessary to carry out section 77-3003.01. Such rules and regulations shall include standards for determining when advertising or packaging is used to appeal to minors or primarily marketed to minors.

(2) The department has the authority to review all documents between a distributor, manufacturer, and operator regarding a cash device. Such documents shall include, but not be limited to, any a contract, agreement, lease, revenue-sharing agreement, profit-sharing document, annual report, tax filing, or bill of sale.

(3) The department has the authority to approve all cash device locations across the state. No cash device shall be moved from such cash device's approved location without the prior approval of the department.

(4) The department shall establish retail establishment location standards required for the placement of any cash device in this state.

(5) The following factors shall be considered for the issuance of a license to operate a cash device at a particular retail establishment location:

(a) Whether there are physical walls separating a retail establishment operating a cash device from other businesses located in the same building;

(b) Whether there are dedicated entrances and exits to the retail establishment;

(c) Whether a separate sales tax permit has been obtained by the retail establishment;

(d) Whether the retail establishment has separate points of sale;

(e) Whether the retail establishment has separate points of ticket redemption;

(f) Whether there is diversity of merchandise for sale in the retail establishment;

(g) Whether the retail establishment issues a receipt for sales;

(h) The number of dedicated employees on duty at the same time at the retail establishment;

(i) The level of business activity being conducted in the retail establishment;

(j) Whether the physical space for the retail establishment within the building is contiguous to other businesses; and

(k) Whether there are distinct owners or officers of the retail establishment within the shared building.

Sec. 35. Section 77-3012, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-3012 (1) Except as otherwise provided in subsection (5) of this section, a tax is hereby imposed and levied, in the amount and in accordance with this section, upon the net operating revenue of all cash devices operating within the State of Nebraska for profit or gain either directly or indirectly received. The tax shall be paid in the amount and manner specified in this section.

(2) Except as otherwise provided in subsection (5) of this section, beginning on and after July 1, 2025, any distributor of a cash device, and any operator of a cash device if the operator is not subject to a revenue-sharing or other agreement with a distributor who is paying the tax, shall pay a tax for each cash device in operation each calendar quarter during the taxable year. The tax shall be collected by the department and due and payable on January 1, April 1, July 1, and October 1 of each year on each cash device in operation during the preceding calendar quarter. For each cash device put into operation on a date subsequent to a quarterly due date that has not been included in computing the tax imposed and levied by the Mechanical Amusement Device Tax Act, the tax shall be due and payable on the immediately succeeding quarterly due date.

(3) The amount of the tax imposed and levied under this section shall be ~~ten~~ five percent of the net operating revenue for each cash device. The quarterly tax shall be submitted on a form prescribed by the Tax Commissioner documenting the total gross and net operating revenue for that quarter.

(4) The Tax Commissioner shall remit the taxes collected pursuant to this section to the State Treasurer for credit as follows:

(a) Nine and seventy-five hundredths ~~Twenty~~ percent to the Department of Revenue Enforcement Charitable Gaming Operations ~~Department of Revenue Enforcement~~ Fund for enforcement of the act and maintenance of the central server;

(b) Two and twenty-five hundredths ~~one-half~~ percent to the Compulsive Gamblers Assistance Fund;

(c) Forty-six and seventy-five hundredths ~~Two and one-half~~ percent to the

General Fund;

(d) ~~Five Ten~~ percent to the Nebraska Tourism Commission Promotional Cash Fund;

(e) ~~Twenty Forty~~ percent to the Property Tax Credit Cash Fund; and

(f) Three and seventy-five hundredths percent to the Behavioral Health Services Fund; and

(g) ~~(f)~~ The remaining twelve and one-half twenty-five percent to the county treasurer of the county in which the cash device is located to be distributed as follows: (i) If the cash device is located completely within an unincorporated area of a county, the remaining twelve and one-half twenty-five percent shall be distributed to the county in which the cash device is located, or (ii) if the cash device is located within the limits of a city or village in such county, one-half of the remaining twelve and one-half twenty-five percent shall be distributed to such county and one-half of the remaining twelve and one-half twenty-five percent shall be distributed to the city or village in which such cash device is located.

(5) This section does not apply to cash devices operated by a fraternal benefit society organized and licensed under sections 44-1072 to 44-10,109 or a recognized veterans organization as defined in section 80-401.01.

Sec. 36. Section 77-5601, Revised Statutes Supplement, 2025, is amended to read:

77-5601 (1) From August 1, 2004, through October 31, 2004, there shall be conducted a tax amnesty program with regard to taxes due and owing that have not been reported to the Department of Revenue. Any person applying for tax amnesty shall pay all unreported taxes that were due on or before April 1, 2004. Any person that applies for tax amnesty and is accepted by the Tax Commissioner shall have any penalties and interest waived on unreported and delinquent taxes notwithstanding any other provisions of law to the contrary.

(2) To be eligible for the tax amnesty provided by this section, the person shall apply for amnesty within the amnesty period, file a return for each taxable period for which the amnesty is requested by December 31, 2004, if no return has been filed, and pay in full all taxes for which amnesty is sought with the return or within thirty days after the application if a return was filed prior to the amnesty period. Tax amnesty shall not be available for any person that is under civil or criminal audit, investigation, or prosecution for unreported or delinquent taxes by this state or the United States Government on or before April 16, 2004.

(3) The department shall not seek civil or criminal prosecution against any person for any taxable period for which amnesty has been granted. The Tax Commissioner shall develop forms for applying for the tax amnesty program, develop procedures for qualification for tax amnesty, and conduct a public awareness campaign publicizing the program.

(4) If a person elects to participate in the amnesty program, the election shall constitute an express and irrevocable relinquishment of all administrative and judicial rights to challenge the imposition of the tax or its amount. Nothing in this section shall prohibit the department from adjusting a return as a result of any state or federal audit.

(5)(a) Except for any local option sales tax collected and returned to the appropriate municipality and any motor vehicle fuel, diesel fuel, and compressed fuel taxes, which shall be deposited in the Highway Trust Fund or Highway Allocation Fund as provided by law, no less than eighty percent of all revenue received pursuant to the tax amnesty program shall be deposited in the General Fund and ten percent, not to exceed five hundred thousand dollars, shall be deposited in the Department of Revenue Enforcement Fund. Any amount that would otherwise be deposited in the Department of Revenue Enforcement Fund that is in excess of the five-hundred-thousand-dollar limitation shall be deposited in the General Fund.

(b) For fiscal year 2005-06, all proceeds in the Department of Revenue Enforcement Fund shall be appropriated to the department for purposes of employing investigators, agents, and auditors and otherwise increasing personnel for enforcement of the Nebraska Revenue Act of 1967.

(c) For fiscal years after fiscal year 2005-06, twenty percent of all proceeds received during the previous calendar year due to the efforts of auditors and investigators hired pursuant to subdivision (5)(b) of this section, not to exceed seven hundred fifty thousand dollars, shall be deposited in the Department of Revenue Enforcement Fund for purposes of employing investigators and auditors or continuing such employment for purposes of increasing enforcement of the act.

~~(d) Ten percent of all proceeds received during each calendar year due to the contracts entered into pursuant to section 77-367 shall be deposited in the Department of Revenue Enforcement Fund for purposes of identifying nonfilers of returns, underreporters, nonpayers of taxes, and improper or fraudulent payments.~~

(6)(a) The department shall prepare a report by April 1, 2005, and by February 1 of each year thereafter detailing the results of the tax amnesty program and the subsequent enforcement efforts. For the report due April 1, 2005, the report shall include (i) the amount of revenue obtained as a result of the tax amnesty program broken down by tax program, (ii) the amount obtained from instate taxpayers and from out-of-state taxpayers, and (iii) the amount obtained from individual taxpayers and from business enterprises.

(b) For reports due in subsequent years, the report shall include (i) the number of personnel hired for purposes of subdivision (5)(b) of this section and their duties, (ii) a description of lists, software, programming, computer

equipment, and other technological methods acquired and the purposes of each, and (iii) the amount of new revenue obtained as a result of the new personnel and acquisitions during the prior calendar year, broken down into the same categories as described in subdivision (6)(a) of this section.

(7)(a) (7) The Department of Revenue Enforcement Fund is created. The money in the fund shall be used by the Department of Revenue for the administration and enforcement of any activity or function administered by the Tax Commissioner.

~~(b) Transfers may be made from the Department of Revenue Enforcement Fund to the General Fund at the direction of the Legislature. The Department of Revenue Enforcement Fund may receive transfers from the Civic and Community Center Financing Fund at the direction of the Legislature for the purpose of administering the Sports Arena Facility Financing Assistance Act. The Department of Revenue Enforcement Fund shall include any money credited to the fund (a) under section 77-2703, and such money shall be used by the Department of Revenue to defray the costs incurred to implement Laws 2019, LB237, (b) under the Mechanical Amusement Device Tax Act, and such money shall be used by the department to defray the costs incurred to implement and enforce Laws 2019, LB538, and any rules and regulations adopted and promulgated to carry out Laws 2019, LB538, (c) under section 77-2906, and such money shall be used by the Department of Revenue to defray the costs incurred to implement Laws 2020, LB310, (d) under the Kratom Consumer Protection Act, and such money shall be used by the Department of Revenue to defray the costs incurred to administer the act, and (e) under section 77-3,124.~~

~~(c) Any money in the Department of Revenue Enforcement Fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds Investment Act. Beginning October 1, 2024, any investment earnings from investment of money in the fund shall be credited to the General Fund.~~

(8) For purposes of this section, taxes mean any taxes collected by the department, including, but not limited to state and local sales and use taxes, individual and corporate income taxes, financial institutions deposit taxes, motor vehicle fuel, diesel fuel, and compressed fuel taxes, cigarette taxes, transfer taxes, and charitable gaming taxes.

Sec. 37. Section 77-5804, Reissue Revised Statutes of Nebraska, is amended to read:

77-5804 (1) The credit allowed under section 77-5803 may be used (a) to obtain a refund of state sales and use taxes paid or (b) ~~may be used against the income tax liability of the taxpayer. , or may be used as a refundable credit claimed on an income tax return of the taxpayer. The return need not reflect any income tax liability owed by the taxpayer.~~

(2) A claim for the credit may be filed quarterly for refund of the state sales and use taxes paid, either directly or indirectly, after the filing of the income tax return for the tax year in which the credit was first allowed.

(3) The credit may be used to obtain a refund of state sales and use taxes paid before the end of the tax year for which the credit was allowed, except that the amount refunded under this subsection shall not exceed the amount of the state sales and use taxes paid, either directly or indirectly, by the taxpayer on the qualifying expenditures.

(4) Credits distributed to a partner, limited liability company member, shareholder, or beneficiary may be used against the income tax liability of the partner, member, shareholder, or beneficiary receiving the credits.

(5) Interest shall not be allowed on any taxes refunded under the Nebraska Advantage Research and Development Act.

Sec. 38. Section 77-6818, Revised Statutes Cumulative Supplement, 2024, is amended to read:

77-6818 (1) Qualified location means a location at which the majority of the business activities conducted are within one or more of the following NAICS codes or the following descriptions:

- (a) Manufacturing - 31, 32, or 33, including pre-production services;
- (b) Testing Laboratories - 541380;
- (c) Rail Transportation - 482;
- (d) Truck Transportation - 484;
- (e) Insurance Carriers - 5241;
- (f) Wired Telecommunications Carriers - 517311;
- (g) Wireless Telecommunications Carriers (except Satellite) - 517312;
- (h) Telemarketing Bureaus and Other Contact Centers - 561422;
- (i) Data Processing, Hosting, and Related Services - 518210;
- (j) Computer Facilities Management Services - 541513;
- (k) Warehousing and Storage - 4931;

(l) The administrative management of the taxpayer's activities, including headquarter facilities relating to such activities, or the administrative management of any of the activities of any business entity or entities in which the taxpayer or a group of its owners hold any direct or indirect ownership interest of at least ten percent, including headquarter facilities relating to such activities;

(m) Logistics Facilities - Portions of NAICS 488210, 488310, and 488490 dealing with independently operated trucking terminals, independently operated railroad and railway terminals, and waterfront terminal and port facility operations;

(n) Services provided on aircraft brought into this state by an individual who is a resident of another state or any other person who has a business location in another state when the aircraft is not to be registered or based in

this state and will not remain in this state more than ten days after the service is completed;

(o) The conducting of research, development, or testing, or any combination thereof, for scientific, agricultural, animal husbandry, food product, industrial, or technology purposes;

(p) The production of electricity by using one or more sources of renewable energy to produce electricity for sale. For purposes of this subdivision, sources of renewable energy includes, but is not limited to, wind, solar, energy storage, geothermal, hydroelectric, biomass, nuclear, and transmutation of elements;

(q) Computer Systems Design and Related Services - 5415;

(r) The performance of financial services. For purposes of this subdivision, financial services includes only financial services provided by any financial institution subject to tax under Chapter 77, article 38, or any person or entity licensed by the Department of Banking and Finance or the federal Securities and Exchange Commission;

(s) Postharvest Crop Activities (except Cotton Ginning) - 115114; or

(t) The processing of tangible personal property. For purposes of this subdivision, processing means to subject to a particular method, system, or technique of preparation, handling, or other treatment designed to prepare tangible personal property for market, manufacture, or other commercial use which does not result in the transformation of such property into a substantially different character. ~~;~~ ~~or~~

~~(u) Waste Treatment and Disposal - 5622.~~

(2)(a) Qualified location also includes any other business location if at least seventy-five percent of the revenue derived at the location is from sales to customers who are not related persons which are delivered or provided from the qualified location to a location that is not within Nebraska according to the sourcing rules in subsections (2) and (3) of section 77-2734.14. Intermediate sales to related persons are included as sales to customers delivered or provided to a location outside Nebraska if the related person delivers or provides the goods or services to a location outside Nebraska. Even if a location meets the seventy-five percent requirement of this subdivision, such location shall not constitute a qualified location under this subdivision if the majority of the business activities conducted at such location are within any of the following NAICS codes or any combination thereof:

(i) Agriculture, Forestry, Fishing and Hunting - 11, excluding NAICS code 115114;

(ii) Transportation and Warehousing - 48-49;

(iii) Information - 51;

(iv) Utilities - 22;

(v) Mining, Quarrying, and Oil and Gas Extraction - 21;

(vi) Public Administration - 92; or

(vii) Construction - 23.

(b) The director may adopt and promulgate rules and regulations establishing an alternative method in circumstances in which subdivision (2)(a) of this section does not accurately reflect the out-of-state sales taking place at locations within Nebraska for a particular industry.

(3) The determination of the majority of the business activities shall be made based on the number of employees working in the respective business activities. The director may adopt and promulgate rules and regulations establishing an alternative method in circumstances in which other factors provide a better reflection of business activities.

(4) The delineation of the types of business activities which enable a location to constitute a qualified location is based on the state's intention to attract certain types of business activities and to responsibly accomplish the purposes of the ImagiNE Nebraska Act by directing the state's incentive capabilities towards business activities which, due to their national nature, could locate outside of Nebraska and which therefore would, through the use of incentives, be motivated to locate in Nebraska. By listing specific types of business activities in subsection (1) of this section, the state has determined such business activities by their nature meet these objectives. By specifying the national nature of a taxpayer's revenue in subsection (2) of this section, the state has determined that certain other types of business activities can meet these objectives.

Sec. 39. Sections 5, 6, 7, 15, 16, 17, 18, 19, 20, 21, 22, 23, 27, 28, 36, 37, 38, 40, and 43 of this act become operative on July 1, 2026. Sections 1, 2, 3, 4, 14, 24, 25, 26, and 41 of this act become operative on January 1, 2027. Sections 8, 9, 10, 11, 12, 13, 29, 30, 31, 32, 33, 34, 35, and 42 of this act become operative three calendar months after the adjournment of this legislative session. The other sections of this act become operative on their effective date.

Sec. 40. Original sections 77-367, 77-377.01, 77-3,109, 77-3,118, 77-2704.46, 77-27,107, 77-27,235, and 77-5804, Reissue Revised Statutes of Nebraska, sections 77-377.02, 77-382, 77-2704.12, and 77-6818, Revised Statutes Cumulative Supplement, 2024, and sections 9-1,101, 77-3,110, and 77-5601, Revised Statutes Supplement, 2025, are repealed.

Sec. 41. Original section 77-2717, Revised Statutes Cumulative Supplement, 2024, and sections 77-202, 77-2715.07, and 77-2734.03, Revised Statutes Supplement, 2025, are repealed.

Sec. 42. Original sections 77-3003.01, 77-3003.02, 77-3004, 77-3006, and 77-3012, Revised Statutes Cumulative Supplement, 2024, and sections 71-812, 71-3801, 71-3809, 71-3810, 71-3812, 77-3003, and 77-3003.03, Revised Statutes

Supplement, 2025, are repealed.

Sec. 43. The following sections are outright repealed: Sections 77-2701.54, 77-2704.57, 77-2704.60, 77-2704.61, and 77-2704.62, Reissue Revised Statutes of Nebraska.

Sec. 44. Since an emergency exists, this act takes effect when passed and approved according to law.