A BILL FOR AN ACT relating to the ImagiNE Nebraska Act; to amend sections 77-6801, 77-6803, 77-6831, and 77-6832, Revised Statutes Cumulative Supplement, 2022; to transfer a definition; to change provisions relating to the use of credits for certain child care expenses; to harmonize provisions; and to repeal the original sections.

Be it enacted by the people of the State of Nebraska,
Section 1. Section 77-6801, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-6801 Sections 77-6801 to 77-6843 and section 3 of this act shall be known and may be cited as the ImagiNE Nebraska Act.

Sec. 2. Section 77-6803, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-6803 For purposes of the ImagiNE Nebraska Act, the definitions found in sections 77-6804 to 77-6825 and section 3 of this act shall be used.

Sec. 3. Economic redevelopment area means an area in which (1) the average rate of unemployment in the area during the period covered by the most recent federal decennial census or American Community Survey 5-Year Estimate is at least one hundred fifty percent of the average rate of unemployment in the state during the same period and (2) the average poverty rate in the area exceeds twenty percent for the total federal census tract or tracts or federal census block group or block groups in the area.

Sec. 4. Section 77-6831, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-6831 (1) A taxpayer shall be entitled to the sales and use tax incentives contained in subsection (2) of this section if the taxpayer:

(a) Attains a cumulative investment in qualified property of at least five million dollars and hires at least thirty new employees at the qualified location or locations before the end of the ramp-up period;

(b) Attains a cumulative investment in qualified property of at least two hundred fifty million dollars and hires at least two hundred fifty new employees at the qualified location or locations before the end of the ramp-up period; or

(c) Attains a cumulative investment in qualified property of at least fifty million dollars at the qualified location or locations before the end of the ramp-up period. To receive incentives under this
subdivision, the taxpayer must meet the following conditions:

(i) The average compensation of the taxpayer's employees at the qualified location or locations for each year of the performance period must equal at least one hundred fifty percent of the Nebraska statewide average hourly wage for the year of application;

(ii) The taxpayer must offer to its employees who constitute full-time employees as defined and described in section 4980H of the Internal Revenue Code of 1986, as amended, and the regulations for such section, at the qualified location or locations for each year of the performance period, the opportunity to enroll in minimum essential coverage under an eligible employer-sponsored plan, as those terms are defined and described in section 5000A of the Internal Revenue Code of 1986, as amended, and the regulations for such section; and

(iii) The taxpayer must offer a sufficient package of benefits as described in subdivision (1)(j) of section 77-6828.

(2) A taxpayer meeting the requirements of subsection (1) of this section shall be entitled to the following sales and use tax incentives:

(a) A refund of all sales and use taxes paid under the Local Option Revenue Act, the Nebraska Revenue Act of 1967, the Qualified Judgment Payment Act, and sections 13-319, 13-324, and 13-2813 from the date of the complete application through the meeting of the required levels of employment and investment for all purchases, including rentals, of:

(i) Qualified property used at the qualified location or locations;

(ii) Property, excluding motor vehicles, based in this state and used in both this state and another state in connection with the qualified location or locations except when any such property is to be used for fundraising for or for the transportation of an elected official;

(iii) Tangible personal property by a contractor or repairperson after appointment as a purchasing agent of the owner of the improvement to real estate when such property is incorporated into real estate at the
qualified location or locations. The refund shall be based on fifty percent of the contract price, excluding any land, as the cost of materials subject to the sales and use tax;

(iv) Tangible personal property by a contractor or repairperson after appointment as a purchasing agent of the taxpayer when such property is annexed to, but not incorporated into, real estate at the qualified location or locations. The refund shall be based on the cost of materials subject to the sales and use tax that were annexed to real estate; and

(v) Tangible personal property by a contractor or repairperson after appointment as a purchasing agent of the taxpayer when such property is both (A) incorporated into real estate at the qualified location or locations and (B) annexed to, but not incorporated into, real estate at the qualified location or locations. The refund shall be based on fifty percent of the contract price, excluding any land, as the cost of materials subject to the sales and use tax; and

(b) An exemption from all sales and use taxes under the Local Option Revenue Act, the Nebraska Revenue Act of 1967, the Qualified Judgment Payment Act, and sections 13-319, 13-324, and 13-2813 on the types of purchases, including rentals, listed in subdivision (a) of this subsection for such purchases, including rentals, occurring during each year of the performance period in which the taxpayer is at or above the required levels of employment and investment, except that the exemption shall be for the actual materials purchased with respect to subdivisions (2)(a)(iii), (iv), and (v) of this section. The Tax Commissioner shall issue such rules, regulations, certificates, and forms as are appropriate to implement the efficient use of this exemption.

(3)(a) Upon execution of the agreement, the taxpayer shall be issued a direct payment permit under section 77-2705.01, notwithstanding the three million dollars in purchases limitation in subsection (1) of section 77-2705.01, for each qualified location specified in the
agreement, unless the taxpayer has opted out of this requirement in the agreement. For any taxpayer who is issued a direct payment permit, until such taxpayer makes the investment in qualified property and hires the new employees at the qualified location or locations as specified in subsection (1) of this section, the taxpayer must pay and remit any applicable sales and use taxes as required by the Tax Commissioner.

(b) If the taxpayer makes the investment in qualified property and hires the new employees at the qualified location or locations as specified in subsection (1) of this section, the taxpayer shall receive the sales tax refunds described in subdivision (2)(a) of this section. For any year in which the taxpayer is not at the required levels of employment and investment, the taxpayer shall report all sales and use taxes owed for the period on the taxpayer's tax return.

(4) The taxpayer shall be entitled to one of the following credits for payment of wages to new employees:

(a)(i) If a taxpayer attains a cumulative investment in qualified property of at least one million dollars and hires at least ten new employees at the qualified location or locations before the end of the ramp-up period, the taxpayer shall be entitled to a credit equal to four percent times the average wage of new employees times the number of new employees. Wages in excess of one million dollars paid to any one employee during the year shall be excluded from the calculations under this subdivision;

(ii) If the taxpayer attains a cumulative investment in qualified property of at least one million dollars and hires at least ten new employees at the qualified location or locations before the end of the ramp-up period and the number of new employees and investment are at a qualified location in a county in Nebraska with a population of one hundred thousand or greater, and at which the majority of the business activities conducted are described in subdivision (1)(a) or (1)(n) of section 77-6818, the taxpayer shall be entitled to a credit equal to four
percent times the average wage of new employees times the number of new
employees. Wages in excess of one million dollars paid to any one employee during the year shall be excluded from the calculations under this subdivision; or

(iii) If the taxpayer attains a cumulative investment in qualified property of at least one million dollars and hires at least ten new employees at the qualified location or locations before the end of the ramp-up period and the number of new employees and investment are at a qualified location or locations within one or more counties in Nebraska that each have a population of less than one hundred thousand, and at which the majority of the business activities conducted are described in subdivision (1)(a) or (1)(n) of section 77-6818, the taxpayer shall be entitled to a credit equal to six percent times the average wage of new employees times the number of new employees. For purposes of meeting the ten-employee requirement of this subdivision, the number of new employees shall be multiplied by two. Wages in excess of one million dollars paid to any one employee during the year shall be excluded from the calculations under this subdivision;

(b) If a taxpayer hires at least twenty new employees at the qualified location or locations before the end of the ramp-up period, the taxpayer shall be entitled to a credit equal to five percent times the average wage of new employees times the number of new employees if the average wage of the new employees equals at least one hundred percent of the Nebraska statewide average hourly wage for the year of application. The credit shall equal seven percent times the average wage of new employees times the number of new employees if the average wage of the new employees equals at least one hundred fifty percent of the Nebraska statewide average hourly wage for the year of application. The credit shall equal nine percent times the average wage of new employees times the number of new employees if the average wage of the new employees equals at least two hundred percent of the Nebraska statewide average
hourly wage for the year of application. Wages in excess of one million
dollars paid to any one employee during the year shall be excluded from
the calculations under this subdivision;

(c) If a taxpayer attains a cumulative investment in qualified
property of at least five million dollars and hires at least thirty new
employees at the qualified location or locations before the end of the
ramp-up period, the taxpayer shall be entitled to a credit equal to five
percent times the average wage of new employees times the number of new
employees if the average wage of the new employees equals at least one
hundred percent of the Nebraska statewide average hourly wage for the
year of application. The credit shall equal seven percent times the
average wage of new employees times the number of new employees if the
average wage of the new employees equals at least one hundred fifty
percent of the Nebraska statewide average hourly wage for the year of
application. The credit shall equal nine percent times the average wage
of new employees times the number of new employees if the average wage of
the new employees equals at least two hundred percent of the Nebraska
statewide average hourly wage for the year of application. Wages in
excess of one million dollars paid to any one employee during the year
shall be excluded from the calculations under this subdivision;

(d) If a taxpayer attains a cumulative investment in qualified
property of at least two hundred fifty million dollars and hires at least
two hundred fifty new employees at the qualified location or locations
before the end of the ramp-up period, the taxpayer shall be entitled to a
credit equal to seven percent times the average wage of new employees
times the number of new employees if the average wage of the new
employees equals at least one hundred fifty percent of the Nebraska
statewide average hourly wage for the year of application. The credit
shall equal nine percent times the average wage of new employees times
the number of new employees if the average wage of the new employees
equals at least two hundred percent of the Nebraska statewide average
hourly wage for the year of application. Wages in excess of one million
dollars paid to any one employee during the year shall be excluded from
the calculations under this subdivision; or

(e) If a taxpayer attains a cumulative investment in qualified
property of at least two hundred fifty thousand dollars but less than one
million dollars and hires at least five new employees at the qualified
location or locations before the end of the ramp-up period and the number
of new employees and investment are at a qualified location within an
economic redevelopment area, the taxpayer shall be entitled to a credit
equal to six percent times the average wage of new employees times the
number of new employees if the average wage of the new employees equals
at least seventy percent of the Nebraska statewide average hourly wage
for the year of application. Wages in excess of one million dollars paid
to any one employee during the year shall be excluded from the
calculations under this subdivision. For purposes of this subdivision,
economic redevelopment area means an area in which (i) the average rate
of unemployment in the area during the period covered by the most recent
federal decennial census or American Community Survey 5-Year Estimate is
at least one hundred fifty percent of the average rate of unemployment in
the state during the same period and (ii) the average poverty rate in the
area exceeds twenty percent for the total federal census tract or tracts
or federal census block group or block groups in the area.

(5) The taxpayer shall be entitled to one of the following credits
for new investment:

(a)(i) If a taxpayer attains a cumulative investment in qualified
property of at least one million dollars and hires at least ten new
employees at the qualified location or locations before the end of the
ramp-up period, the taxpayer shall be entitled to a credit equal to four
percent of the investment made in qualified property at the qualified
location or locations;

(ii) If the taxpayer attains a cumulative investment in qualified
property of at least one million dollars and hires at least ten new
employees at the qualified location or locations before the end of the
ramp-up period and the number of new employees and investment are at a
qualified location in a county in Nebraska with a population of one
hundred thousand or greater, and at which the majority of the business
activities conducted are described in subdivision (1)(a) or (1)(n) of
section 77-6818, the taxpayer shall be entitled to a credit equal to four
percent of the investment made in qualified property at the qualified
location or locations unless the cumulative investment exceeds ten
million dollars, in which case the taxpayer shall be entitled to a credit
equal to seven percent of the investment made in qualified property at
the qualified location or locations; or

(iii) If the taxpayer attains a cumulative investment in qualified
property of at least one million dollars and hires at least ten new
employees at the qualified location or locations before the end of the
ramp-up period and the number of new employees and investment are at a
qualified location or locations within one or more counties in Nebraska
that each have a population of less than one hundred thousand, and at
which the majority of the business activities conducted are described in
subdivision (1)(a) or (1)(n) of section 77-6818, the taxpayer shall be
entitled to a credit equal to four percent of the investment made in
qualified property at the qualified location or locations unless the
cumulative investment exceeds ten million dollars, in which case the
taxpayer shall be entitled to a credit equal to seven percent of the
investment made in qualified property at the qualified location or
locations. For purposes of meeting the ten-employee requirement of this
subdivision, the number of new employees shall be multiplied by two;

(b) If a taxpayer attains a cumulative investment in qualified
property of at least five million dollars and hires at least thirty new
employees at the qualified location or locations before the end of the
ramp-up period, the taxpayer shall be entitled to a credit equal to seven
percent of the investment made in qualified property at the qualified location or locations;

(c) If a taxpayer attains a cumulative investment in qualified property of at least two hundred fifty million dollars and hires at least two hundred fifty new employees at the qualified location or locations before the end of the ramp-up period, the taxpayer shall be entitled to a credit equal to seven percent of the investment made in qualified property at the qualified location or locations; or

(d) If a taxpayer attains a cumulative investment in qualified property of at least two hundred fifty thousand dollars but less than one million dollars and hires at least five new employees at the qualified location or locations before the end of the ramp-up period and the number of new employees and investment are at a qualified location within an economic redevelopment area, the taxpayer shall be entitled to a credit equal to four percent of the investment made in qualified property at the qualified location or locations. For purposes of this subdivision, economic redevelopment area means an area in which (i) the average rate of unemployment in the area during the period covered by the most recent federal decennial census or American Community Survey 5-Year Estimate is at least one hundred fifty percent of the average rate of unemployment in the state during the same period and (ii) the average poverty rate in the area exceeds twenty percent for the total federal census tract or tracts or federal census block group or block groups in the area.

(6)(a) The credit percentages prescribed in subdivisions (4)(a), (b), (c), and (d) and subdivisions (5)(a), (b), and (c) of this section shall be increased by one percentage point for wages paid and investments made at qualified locations in an extremely blighted area. For purposes of this subdivision, extremely blighted area means an area which, before the end of the ramp-up period, has been declared an extremely blighted area under section 18-2101.02.

(b) The credit percentages prescribed in subsections (4) and (5) of
this section shall be increased by one percentage point if the taxpayer:

(i) Is a benefit corporation as defined in section 21-403 and has been such a corporation for at least one year prior to submitting an application under the ImagiNE Nebraska Act; and

(ii) Remains a benefit corporation as defined in section 21-403 for the duration of the taxpayer's agreement under the ImagiNE Nebraska Act.

(c) A taxpayer may, if qualified, receive one or both of the increases provided in this subsection.

(7)(a) The credits prescribed in subsections (4) and (5) of this section shall be allowable for wages paid and investments made during each year of the performance period that the taxpayer is at or above the required levels of employment and investment.

(b) The credits prescribed in subsection (5) of this section shall also be allowable during the first year of the performance period for investment in qualified property at the qualified location or locations after the date of the complete application and before the beginning of the performance period.

(8)(a) Property described in subdivision (8)(c) of this section used at the qualified location or locations, whether purchased or leased, and placed in service by the taxpayer after the date of the complete application, shall constitute separate classes of property and are eligible for exemption under the conditions and for the time periods provided in subdivision (8)(b) of this section.

(b) A taxpayer shall receive the exemption of property in subdivision (8)(c) of this section if the taxpayer attains one of the following employment and investment levels: (i) Cumulative investment in qualified property of at least five million dollars and the hiring of at least thirty new employees at the qualified location or locations before the end of the ramp-up period; (ii) cumulative investment in qualified property of at least fifty million dollars at the qualified location or locations before the end of the ramp-up period, provided the average
compensation of the taxpayer's employees at the qualified location or
locations for the year in which such investment level was attained equals
at least one hundred fifty percent of the Nebraska statewide average
hourly wage for the year of application and the taxpayer offers to its
employees who constitute full-time employees as defined and described in
section 4980H of the Internal Revenue Code of 1986, as amended, and the
regulations for such section, at the qualified location or locations for
the year in which such investment level was attained, the opportunity to
enroll in minimum essential coverage under an eligible employer-sponsored
plan, as those terms are defined and described in section 5000A of the
Internal Revenue Code of 1986, as amended, and the regulations for such
section; or (iii) cumulative investment in qualified property of at least
two hundred fifty million dollars and the hiring of at least two hundred
fifty new employees at the qualified location or locations before the end
of the ramp-up period. Such property shall be eligible for the exemption
from the first January 1 following the end of the year during which the
required levels were exceeded through the ninth December 31 after the
first year property included in subdivision (8)(c) of this section
qualifies for the exemption, except that for a taxpayer who has filed an
application under NAICS code 518210 for Data Processing, Hosting, and
Related Services and who files a separate sequential application for the
same NAICS code for which the ramp-up period begins with the year
immediately after the end of the previous project's performance period or
a taxpayer who has a project qualifying under subdivision (1)(b)(ii) of
section 77-5725 and who files a separate sequential application for NAICS
code 518210 for Data Processing, Hosting, and Related Services for which
the ramp-up period begins with the year immediately after the end of the
previous project's entitlement period, such property described in
subdivision (8)(c)(i) of this section shall be eligible for the exemption
from the first January 1 following the placement in service of such
property through the ninth December 31 after the year the first claim for
exemption is approved.

(c) The following personal property used at the qualified location or locations, whether purchased or leased, and placed in service by the taxpayer after the date of the complete application shall constitute separate classes of personal property:

(i) All personal property that constitutes a data center if the taxpayer qualifies under subdivision (8)(b)(i) or (8)(b)(ii) of this section;

(ii) Business equipment that is located at a qualified location or locations and that is involved directly in the manufacture or processing of agricultural products if the taxpayer qualifies under subdivision (8)(b)(i) or (8)(b)(ii) of this section; or

(iii) All personal property if the taxpayer qualifies under subdivision (8)(b)(iii) of this section.

(d) In order to receive the property tax exemptions allowed by subdivision (8)(c) of this section, the taxpayer shall annually file a claim for exemption with the Tax Commissioner on or before May 1. The form and supporting schedules shall be prescribed by the Tax Commissioner and shall list all property for which exemption is being sought under this section. A separate claim for exemption must be filed for each agreement and each county in which property is claimed to be exempt. A copy of this form must also be filed with the county assessor in each county in which the applicant is requesting exemption. The Tax Commissioner shall determine whether a taxpayer is eligible to obtain exemption for personal property based on the criteria for exemption and the eligibility of each item listed for exemption and, on or before August 1, certify such determination to the taxpayer and to the affected county assessor.

(9) The taxpayer shall, on or before the receipt or use of any incentives under this section, pay to the director a fee of one-half percent of such incentives, except for the exemption on personal
property, for administering the ImagiNE Nebraska Act, except that the fee
on any sales tax exemption may be paid by the taxpayer with the filing of
its sales and use tax return. Such fee may be paid by direct payment to
the director or through withholding of available refunds. A credit shall
be allowed against such fee for the amount of the fee paid with the
application. All fees collected under this subsection shall be remitted
to the State Treasurer for credit to the ImagiNE Nebraska Cash Fund,
which fund is hereby created. The fund shall consist of fees credited
under this subsection and any other money appropriated to the fund by the
Legislature. The fund shall be administered by the Department of Economic
Development and shall be used for administration of the ImagiNE Nebraska
Act. 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. 5. Section 77-6832, Revised Statutes Cumulative Supplement, 2022, is amended to read:

77-6832 (1)(a) The credits prescribed in section 77-6831 for a year
shall be established by filing the forms required by the Tax Commissioner
with the income tax return for the taxable year which includes the end of
the year the credits were earned. The credits may be used and shall be
applied in the order in which they were first allowable under the ImagiNE
Nebraska Act. To the extent the taxpayer has credits under the Nebraska
Advantage Act or the Employment and Investment Growth Act still available
for use in a year or years which overlap the performance period or
carryover period of the ImagiNE Nebraska Act, the credits may be used and
shall be applied in the order in which they were first allowable, and
when there are credits of the same age, the older tax incentive program's
credits shall be applied first. The credits may be used after any other
nonrefundable credits to reduce the taxpayer's income tax liability
imposed by sections 77-2714 to 77-27,135. Credits may be used beginning
with the taxable year which includes December 31 of the year the required
minimum levels were reached. The last year for which credits may be used is the taxable year which includes December 31 of the last year of the carryover period. Any decision on how part of the credit is applied shall not limit how the remaining credit could be applied under this section.

(b) The taxpayer may use the credit provided in subsection (4) of section 77-6831 (i) to reduce the taxpayer's income tax withholding employer or payor tax liability under section 77-2756 or 77-2757, to the extent such liability is attributable to the number of new employees employed at the qualified location or locations, excluding any wages in excess of one million dollars paid to any one employee during the year or

(ii) to reduce a qualified employee leasing company's income tax withholding employer or payor tax liability under section 77-2756 or 77-2757, when the taxpayer is the client-lessee of such company, to the extent such liability is attributable to the number of new employees performing services for such client-lessee at the qualified location or locations, excluding any wages in excess of one million dollars paid to any one employee during the year. To the extent of the credit used, such withholding shall not constitute public funds or state tax revenue and shall not constitute a trust fund or be owned by the state. The use by the taxpayer or the qualified employee leasing company of the credit shall not change the amount that otherwise would be reported by the taxpayer, or such qualified employee leasing company, to the employee under section 77-2754 as income tax withheld and shall not reduce the amount that otherwise would be allowed by the state as a refundable credit on an employee's income tax return as income tax withheld under section 77-2755. The amount of credits used against income tax withholding shall not exceed the withholding attributable to the number of new employees employed at the qualified location or locations or, for a qualified employee leasing company, the number of new employees performing services for the applicable client-lessee at the qualified location or locations, excluding any wages in excess of one million

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dollars paid to any one employee during the year. If the amount of credit used by the taxpayer or the qualified employee leasing company against income tax withholding exceeds such amount, the excess withholding shall be returned to the Department of Revenue in the manner provided in section 77-2756, such excess amount returned shall be considered unused, and the amount of unused credits may be used as otherwise permitted in this section or shall carry over to the extent authorized in subdivision (1)(g) of this section.

(c) Credits may be used to obtain a refund of sales and use taxes under the Local Option Revenue Act, the Nebraska Revenue Act of 1967, the Qualified Judgment Payment Act, and sections 13-319, 13-324, and 13-2813 that are not subject to direct refund under section 77-6831 and that are paid on purchases, including rentals, for use at a qualified location.

(d) The credits provided in subsections (4) and (5) of section 77-6831 may be used to repay a loan for job training or infrastructure development as provided in section 77-6841.

(e) Credits may be used to obtain a payment from the state equal to the amount which the taxpayer demonstrates to the director was paid by the taxpayer after the date of the complete application for job training and talent recruitment of employees who qualify in the number of new employees, to the extent that proceeds from a loan described in section 77-6841 were not used to make such payments. For purposes of this subdivision:

(i) Job training means training for a prospective or new employee that is provided after the date of the complete application by a Nebraska nonprofit college or university, a Nebraska public or private secondary school, a Nebraska educational service unit, or a company that is not a member of the taxpayer's unitary group or a related person to the taxpayer; and

(ii) Talent recruitment means talent recruitment activities that result in a newly recruited employee who is hired by the taxpayer after
the date of the complete application and who is paid compensation during
the year of hire at a rate equal to at least one hundred percent of the
Nebraska statewide average hourly wage for the year of application,
including marketing, relocation expenses, and search-firm fees. Talent
recruitment payments that may be reimbursed include, without limitation,
payment by the taxpayer, without repayment by the employee, of an
employee's student loans, an employee's tuition, and an employee's
downpayment on a primary residence in Nebraska. Talent recruitment
payments that may be reimbursed shall not include payments for the
recruitment of a person who constitutes a related person to the taxpayer
when the taxpayer is an individual or recruitment of a person who
constitutes a related person to an owner of the taxpayer when the
taxpayer is a partnership, a limited liability company, or a subchapter S
corporation.

(f) The credits provided in subsections (4) and (5) of section
77-6831 may be used to obtain a payment from the state equal to the
amount which the taxpayer demonstrates to the director was paid during
the performance period and the carryover period for taxpayer-sponsored
child care provided at the qualified location. If the qualified location
is located within an economic redevelopment area, the taxpayer-sponsored
child care may also have been provided within one mile of the qualified
location at the qualified location or locations during the performance
period and the carryover period.

(g) Credits may be carried over until fully utilized through the end
of the carryover period.

(2)(a) No refund claims shall be filed until after the required
levels of employment and investment have been met.

(b) Refund claims shall be filed no more than once each quarter for
refunds under the ImagiNE Nebraska Act, except that any claim for a
refund in excess of twenty-five thousand dollars may be filed at any
time.
(c) Refund claims for materials purchased by a purchasing agent shall include:

(i) A copy of the purchasing agent appointment;

(ii) The contract price; and

(iii)(A) For refunds under subdivision (2)(a)(iii) or (2)(a)(v) of section 77-6831, a certification by the contractor or repairperson of the percentage of the materials incorporated into or annexed to the qualified location on which sales and use taxes were paid to Nebraska after appointment as purchasing agent; or

(B) For refunds under subdivision (2)(a)(iv) of section 77-6831, a certification by the contractor or repairperson of the percentage of the contract price that represents the cost of materials annexed to the qualified location and the percentage of the materials annexed to the qualified location on which sales and use taxes were paid to Nebraska after appointment as purchasing agent.

(d) All refund claims shall be filed, processed, and allowed as any other claim under section 77-2708, except that the amounts allowed to be refunded under the ImagiNE Nebraska Act shall be deemed to be overpayments and shall be refunded notwithstanding any limitation in subdivision (2)(a) of section 77-2708. The refund may be allowed if the claim is filed within three years from the end of the year the required levels of employment and investment are met or within the period set forth in section 77-2708. Refunds shall be paid by the Tax Commissioner within one hundred eighty days after receipt of the refund claim. Such payments shall be subject to later recovery by the Tax Commissioner upon audit.

(e) If a claim for a refund of sales and use taxes under the Local Option Revenue Act, the Qualified Judgment Payment Act, or sections 13-319, 13-324, and 13-2813 of more than twenty-five thousand dollars is filed by June 15 of a given year, the refund shall be made on or after November 15 of the same year. If such a claim is filed on or after June
of a given year, the refund shall not be made until on or after November 15 of the following year. The Tax Commissioner shall notify the affected city, village, county, or municipal county of the amount of refund claims of sales and use taxes under the Local Option Revenue Act, the Qualified Judgment Payment Act, or sections 13-319, 13-324, and 13-2813 that are in excess of twenty-five thousand dollars on or before July 1 of the year before the claims will be paid under this section.

(f) For refunds of sales and use taxes under the Local Option Revenue Act, the deductions made by the Tax Commissioner for such refunds shall be delayed in accordance with section 77-27,144.

(g) Interest shall not be allowed on any taxes refunded under the ImagiNE Nebraska Act.

(3) The appointment of purchasing agents shall be recognized for the purpose of changing the status of a contractor or repairperson as the ultimate consumer of tangible personal property purchased after the date of the appointment which is physically incorporated into or annexed at a qualified location and becomes the property of the owner of the improvement to real estate or the taxpayer. The purchasing agent shall be jointly liable for the payment of the sales and use tax on the purchases with the owner of the property.

(4) The determination of whether the application is complete, whether a location is a qualified location, and whether to approve the application and sign the agreement shall be made by the director. All other interpretations of the ImagiNE Nebraska Act shall be made by the Tax Commissioner. The Commissioner of Labor shall provide the director with such information as the Department of Labor regularly receives with respect to the taxpayer which the director requests from the Commissioner of Labor in order to fulfill the director's duties under the act. The director shall use such information to achieve efficiency in the administration of the act.

(5) Once the director and the taxpayer have signed the agreement
under section 77-6828, the taxpayer, and its owners or members where applicable, may report and claim and shall receive all incentives allowed by the ImagiNE Nebraska Act, subject to the base authority limitations provided in section 77-6839, without waiting for a determination by the director or the Tax Commissioner or other taxing authority that the taxpayer has met the required employment and investment levels or otherwise qualifies, has qualified, or continues to qualify for such incentives, provided that the tax return or claim has been signed by an owner, member, manager, or officer of the taxpayer who declares under penalties of perjury that he or she has examined the tax return or claim, including accompanying schedules and statements, and to the best of his or her knowledge and belief (a) the tax return or claim is correct and complete in all material respects, (b) payment of the claim has not been previously made by the state to the taxpayer, and (c) with respect to sales or use tax refund claims, the taxpayer has not claimed or received a refund of such tax from a retailer. The payment or allowance of such a claim shall not prevent the director or the Tax Commissioner or other taxing authority from recovering such payment, exemption, or allowance, within the normal period provided by law, subject to normal appeal rights of a taxpayer, if the director or Tax Commissioner or other taxing authority determines upon review or audit that the taxpayer did not qualify for such incentive or exemption.

(6) An audit of employment and investment thresholds and incentive amounts shall be made by the Tax Commissioner to the extent and in the manner determined by the Tax Commissioner. Upon request by the director or the Tax Commissioner, the Commissioner of Labor shall report to the director and the Tax Commissioner the employment data regularly reported to the Department of Labor relating to number of employees and wages paid for each taxpayer. The director and Tax Commissioner, to the extent they determine appropriate, shall use such information to achieve efficiency in the administration of the ImagiNE Nebraska Act. The Tax Commissioner
may recover any refund or part thereof which is erroneously made and any
credit or part thereof which is erroneously allowed by issuing a
deficiency determination within three years from the date of refund or
credit or within the period otherwise allowed for issuing a deficiency
determination, whichever expires later. The director shall not enter into
an agreement with any taxpayer unless the taxpayer agrees to
electronically verify the work eligibility status of all newly hired
employees employed in Nebraska within ninety days after the date of hire.
For purposes of calculating any tax incentive under the act, the hours
worked and compensation paid to an employee who has not been
electronically verified or who is not eligible to work in Nebraska shall
be excluded.

(7) A determination by the director that a location is not a
qualified location or a determination by the Tax Commissioner that a
taxpayer has failed to meet or maintain the required levels of employment
or investment for incentives, exemptions, or recapture, or does not
otherwise qualify for incentives or exemptions, may be protested by the
taxpayer to the Tax Commissioner within sixty days after the mailing to
the taxpayer of the written notice of the proposed determination by the
director or the Tax Commissioner, as applicable. If the notice of
proposed determination is not protested in writing by the taxpayer within
the sixty-day period, the proposed determination is a final
determination. If the notice is protested, the Tax Commissioner, after a
formal hearing by the Tax Commissioner or by an independent hearing
officer appointed by the Tax Commissioner, if requested by the taxpayer
in such protest, shall issue a written order resolving such protest. The
written order of the Tax Commissioner resolving a protest may be appealed
to the district court of Lancaster County in accordance with the
Administrative Procedure Act within thirty days after the issuance of the
order.

Sec. 6. Original sections 77-6801, 77-6803, 77-6831, and 77-6832,
1 Revised Statutes Cumulative Supplement, 2022, are repealed.