

AMENDMENTS TO LB 367

Introduced by Revenue

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

3 Section 1. Sections 1 to 4 of this act shall be known and
4 may be cited as the Property Tax Credit Act.

5 Sec. 2. The purpose of the Property Tax Credit Act is to
6 provide property tax relief for property taxes levied against real
7 property. The property tax relief will be made to owners of real
8 property in the form of a property tax credit.

9 Sec. 3. The Property Tax Credit Cash Fund is created. The
10 fund shall only be used pursuant to the Property Tax Credit Act.
11 Any money in the fund available for investment shall be invested
12 by the state investment officer pursuant to the Nebraska Capital
13 Expansion Act and the Nebraska State Funds Investment Act.

14 Sec. 4. (1) For tax year 2007, the amount of relief
15 granted under the Property Tax Credit Act shall be one hundred
16 million dollars. For tax years after 2008, the amount of relief
17 granted under the act shall be fifty million dollars. It is the
18 intent of the Legislature to fund the Property Tax Credit Act for
19 tax years after tax year 2008 using available revenue. The relief
20 shall be in the form of a property tax credit which appears on the
21 property tax statement.

22 (2) To determine the amount of the property tax credit,
23 the county treasurer shall multiply the amount disbursed to the

1 county under subsection (4) of this section by the ratio of the
2 real property valuation of the parcel to the total real property
3 valuation in the county. The amount determined shall be the
4 property tax credit for the property.

5 (3) If the real property owner qualifies for a homestead
6 exemption under sections 77-3501 to 77-3529, the homestead owner
7 shall also be qualified for the relief provided in the act to the
8 extent of any remaining liability after calculation of the relief
9 provided by the homestead exemption. If the credit results in a
10 property tax liability on the homestead that is less than zero, the
11 amount of the credit which cannot be used by the taxpayer shall be
12 returned to the State Treasurer by July 1 of the year the amount
13 disbursed to the county was disbursed. The State Treasurer shall
14 immediately credit any funds returned under this section to the
15 Property Tax Credit Cash Fund.

16 (4) The amount disbursed to each county shall be equal to
17 the amount available for disbursement determined under subsection
18 (1) of this section multiplied by the ratio of the real property
19 valuation in the county to the real property valuation in the
20 state. By September 15, the Property Tax Administrator shall
21 determine the amount to be disbursed under this subsection to each
22 county and certify such amounts to the State Treasurer and to each
23 county. The disbursements to the counties shall occur in two equal
24 payments, the first on or before January 31 and the second on or
25 before April 1. After retaining one percent of the receipts for
26 costs, the county treasurer shall allocate the remaining receipts
27 to each taxing unit levying taxes on taxable property in the

1 tax district in which the real property is located in the same
2 proportion that the levy of such taxing unit bears to the total
3 levy on taxable property of all the taxing units in the tax
4 district in which the real property is located.

5 (5) The State Treasurer shall transfer from the General
6 Fund to the Property Tax Credit Cash Fund one hundred million
7 dollars by August 1, 2007, and fifty million dollars by August 1,
8 2008.

9 (6) The Legislature shall have the power to transfer
10 funds from the Property Tax Credit Cash Fund to the General Fund.

11 Sec. 5. Section 77-908, Revised Statutes Cumulative
12 Supplement, 2006, is amended to read:

13 77-908 Every insurance company organized under the stock,
14 mutual, assessment, or reciprocal plan, except fraternal benefit
15 societies, which is transacting business in this state shall, on
16 or before March 1 of each year, pay a tax to the director of one
17 percent of the gross amount of direct writing premiums received by
18 it during the preceding calendar year for business done in this
19 state, except that (1) for group sickness and accident insurance
20 the rate of such tax shall be five-tenths of one percent, (2) for
21 property and casualty insurance, excluding individual sickness and
22 accident insurance, the rate of such tax shall be one percent, and
23 (3) for capitation payments made in accordance with the Medical
24 Assistance Act, the rate of tax shall be five percent. The taxable
25 premiums shall include premiums paid on the lives of persons
26 residing in this state and premiums paid for risks located in
27 this state whether the insurance was written in this state or not,

1 including that portion of a group premium paid which represents the
2 premium for insurance on Nebraska residents or risks located in
3 Nebraska included within the group when the number of lives in the
4 group exceeds five hundred. The tax shall also apply to premiums
5 received by domestic companies for insurance written on individuals
6 residing outside this state or risks located outside this state if
7 no comparable tax is paid by the direct writing domestic company
8 to any other appropriate taxing authority. Companies whose scheme
9 of operation contemplates the return of a portion of premiums
10 to policyholders, without such policyholders being claimants under
11 the terms of their policies, may deduct such return premiums
12 or dividends from their gross premiums for the purpose of tax
13 calculations. Any such insurance company shall receive a credit on
14 the tax imposed as provided in the Community Development Assistance
15 Act, ~~and section 77-27,222.~~

16 Sec. 6. Section 77-2101, Reissue Revised Statutes of
17 Nebraska, is amended to read:

18 77-2101 For purposes of sections 77-2101 to 77-2116:

19 (1) Estate tax means the tax due to the state under
20 section 77-2101.01;

21 (2) Generation-skipping transfer tax means the tax due to
22 the state under section 77-2101.02;

23 (3) Nebraska taxable estate means the federal taxable
24 estate, as determined under Chapter 11 of the Internal Revenue
25 Code, minus one million dollars. For decedents dying on or after
26 January 1, 2008, the Nebraska taxable estate means the federal
27 taxable estate, as determined under Chapter 11 of the Internal

1 Revenue Code, minus two million dollars;

2 (4) Nebraska taxable transfer means the federal taxable
3 transfer, as determined under Chapter 13 of the Internal Revenue
4 Code, minus one million dollars; and

5 (5) Transfer tax means the estate tax and
6 generation-skipping transfer tax.

7 Sec. 7. Section 77-2701, Revised Statutes Cumulative
8 Supplement, 2006, is amended to read:

9 77-2701 Sections 77-2701 to 77-27,135.01, ~~77-27,222,~~ and
10 77-27,228 to 77-27,235 and section 9 of this act shall be known and
11 may be cited as the Nebraska Revenue Act of 1967.

12 Sec. 8. Section 77-2701.04, Revised Statutes Cumulative
13 Supplement, 2006, is amended to read:

14 77-2701.04 For purposes of sections 77-2701.04 to 77-2713
15 and section 9 of this act, unless the context otherwise requires,
16 the definitions found in sections 77-2701.05 to 77-2701.47 shall be
17 used.

18 Sec. 9. Sales and use tax shall not be imposed on
19 the gross receipts from the sale, lease, or rental of personal
20 property for use in a community-based wind energy project. This
21 exemption shall be conditioned upon filing requirements for the
22 exemption as imposed by the Tax Commissioner. The requirements
23 imposed by the Tax Commissioner shall be related to ensuring that
24 the property purchased qualifies for the exemption. For purposes of
25 this section:

26 (1) Community-based wind energy project means a project
27 that consists of more than two wind turbines that has no single

1 qualified owner owning more than fifteen percent of the project
2 with at least thirty-three percent of the power purchase agreement
3 payments flowing to the qualified owner or local community or
4 that consist of one or two wind turbines owned by one or more
5 qualifying owners with at least thirty-three percent of the power
6 purchase agreement payments flowing to the qualified owner or local
7 community, which project has a resolution of support adopted by
8 the county board of each county in which the project is to be
9 located or by the tribal council for a project located within the
10 boundaries of an Indian reservation;

11 (2) Qualified owner in a community-based energy
12 development project means:

13 (a) A Nebraska resident;

14 (b) A limited liability company that is organized under
15 the laws of this state and that is made up entirely of members who
16 are Nebraska residents;

17 (c) A Nebraska nonprofit organization organized under the
18 Nebraska Nonprofit Corporation Act;

19 (d) A Nebraska cooperative association other than a rural
20 electric cooperative association or generation and transmission
21 cooperative;

22 (e) A political subdivision or unit of local government,
23 including, but not limited to, a school district or public or
24 private postsecondary educational institution, or any other local
25 or regional governmental organization such as a board, commission,
26 or association, but excluding a municipal electric utility or
27 municipal power agency; or

- 1 (f) A tribal council; and
2 (3) Wind energy project includes any materials used to
3 manufacture, install, construct, repair or replace a device, such
4 as a wind charger, wind mill or wind turbine, that converts wind
5 energy to a form of usable energy.

6 Sec. 10. Section 77-2701.10, Revised Statutes Cumulative
7 Supplement, 2006, is amended to read:

8 77-2701.10 Contractor or repairperson means any person
9 who performs any repair services upon property annexed to, or
10 who annexes building materials to, real estate, including leased
11 property, and who, as a necessary and incidental part of performing
12 such services, annexes building materials to the real estate being
13 so repaired or annexed or arranges for such annexation. Contractor
14 or repairperson does not include any person who incorporates
15 live plants into real estate except when such incorporation is
16 incidental to the transfer of an improvement upon real estate or
17 the real estate. The contractor or repairperson not electing to
18 be taxed as a retailer is considered to be the consumer of such
19 building materials furnished by him or her and annexed to the real
20 estate being so repaired or annexed for all the purposes of the
21 Nebraska Revenue Act of 1967. The contractor or repairperson:

22 (1) Shall be permitted to make an election that he or she
23 will be taxed as a retailer in which case he or she shall not be
24 considered the final consumer of building materials annexed to real
25 estate;

26 (2) Shall be permitted to make an election that he or she
27 will be taxed as the consumer of building materials annexed to real

1 estate, will pay the sales tax or remit the use tax at the time of
2 purchase, and will maintain a tax-paid inventory; or

3 (3) Shall be permitted to make an election that he or
4 she will be taxed as the consumer of building materials annexed
5 to real estate and may issue a resale certificate when purchasing
6 building materials that will be annexed to real estate. Such person
7 shall then remit the appropriate use tax on any building materials
8 when withdrawn from inventory for the purpose of being annexed to
9 real estate at the rate in effect at the time and place of the
10 withdrawal from inventory.

11 ~~The contractor shall collect and remit the tax on his or~~
12 ~~her gross receipts for labor in performing construction services as~~
13 ~~payments are received except as provided in section 77-2704.55.~~

14 The provisions of this section shall not excuse any
15 person from the obligation to collect sales tax on retail sales of
16 property not annexed to real estate or from the obligation to pay
17 the sales tax or remit the use tax on tools, services, and other
18 materials consumed that are not annexed to real estate.

19 The Department of Revenue shall not prescribe any
20 requirements of Nebraska sales revenue, percentage or otherwise,
21 restricting any person's election. Any change in an election shall
22 require prior approval by the Tax Commissioner.

23 Any change in the election shall, if filed on or prior to
24 the fifteenth of the month, become effective at the beginning of
25 the following month or, if filed after the fifteenth of the month,
26 become effective on the first day of the next succeeding month. Any
27 person who changes his or her election and becomes a contractor

1 or repairperson shall pay the tax on all building materials in
2 inventory which may be annexed to real estate at the time of making
3 the change in election except when such contractor or repairperson
4 elects to purchase inventory with a resale certificate. Any person
5 who changes his or her election and becomes a retailer shall not be
6 entitled to a refund but shall receive a credit for the tax paid on
7 building materials in inventory at the time the building materials
8 are sold. The credit shall be applied against the tax collected on
9 sales of such building materials.

10 Any contractor or repairperson who has not completed and
11 filed an election as required in this section within three months
12 after beginning to operate as a contractor or repairperson shall be
13 considered a retailer for all periods until an election has been
14 made.

15 Sec. 11. Section 77-2701.16, Revised Statutes Cumulative
16 Supplement, 2006, is amended to read:

17 77-2701.16 (1) Gross receipts shall mean the total amount
18 of the sale or lease or rental price, as the case may be, of
19 the retail sales of retailers valued in money whether received in
20 money or otherwise, without any deduction on account of any of the
21 following:

22 (a) The cost of property sold. In accordance with rules
23 and regulations adopted and promulgated by the Tax Commissioner, a
24 deduction may be taken if the retailer has purchased property for
25 some purpose other than resale, has reimbursed his or her vendor
26 for tax which the vendor is required to pay to the state or has
27 paid the use tax with respect to the property, and has resold

1 the property prior to making any use of the property other than
2 retention, demonstration, or display while holding it for sale in
3 the regular course of business. If such a deduction is taken by the
4 retailer, no refund or credit will be allowed to his or her vendor
5 with respect to the sale of the property;

6 (b) The cost of the materials used, labor or service
7 costs, interest paid, losses, or any other expense;

8 (c) The cost of transportation of the property;

9 (d) The amount of any excise or property tax levied
10 against the property except as otherwise provided in the Nebraska
11 Revenue Act of 1967; or

12 (e) The amount charged for warranties, guarantees, or
13 maintenance agreements.

14 (2) Gross receipts of every person engaged as a public
15 utility specified in this subsection or as a community antenna
16 television service operator or any person involved in connecting
17 and installing services defined in subdivision (2)(a), (b), or (d)
18 of this section shall mean:

19 (a) In the furnishing of telephone communication service,
20 other than mobile telecommunications service as described in
21 section 77-2706.02, the gross income received from furnishing local
22 exchange telephone service and intrastate message toll telephone
23 service. In the furnishing of mobile telecommunications service
24 as described in section 77-2706.02, the gross income received
25 from furnishing mobile telecommunications service that originates
26 and terminates in the same state to a customer with a place
27 of primary use in Nebraska. Gross receipts shall not mean (i)

1 the gross income, including division of revenue, settlements, or
2 carrier access charges received on or after January 1, 1984, from
3 the sale of a telephone communication service to a communication
4 service provider for purposes of furnishing telephone communication
5 service or (ii) the gross income attributable to services rendered
6 using a prepaid telephone calling arrangement. For purposes of
7 this subdivision, a prepaid telephone calling arrangement shall
8 mean the right to exclusively purchase telecommunications service
9 that is paid for in advance that enables the origination of calls
10 using an access number or authorization code, whether manually or
11 electronically dialed;

12 (b) In the furnishing of telegraph service, the gross
13 income received from the furnishing of intrastate telegraph
14 services;

15 (c) In the furnishing of gas, electricity, sewer, and
16 water service except water used for irrigation of agricultural
17 lands and manufacturing purposes, the gross income received from
18 the furnishing of such services upon billings or statements
19 rendered to consumers for such utility services; and

20 (d) In the furnishing of community antenna television
21 service, the gross income received from the furnishing of such
22 community antenna television service as regulated under sections
23 18-2201 to 18-2205 or 23-383 to 23-388.

24 Gross receipts shall also mean gross income received from
25 the provision, installation, construction, servicing, or removal of
26 property used in conjunction with the furnishing, installing, or
27 connecting of any public utility services specified in subdivision

1 (2) (a) or (b) of this section or community antenna television
2 service specified in subdivision (2) (d) of this section. Gross
3 receipts shall not mean gross income received from telephone
4 directory advertising.

5 (3) Gross receipts of every person engaged in selling,
6 leasing, or otherwise providing intellectual or entertainment
7 property shall mean:

8 (a) In the furnishing of computer software, the gross
9 income received, including the charges for coding, punching, or
10 otherwise producing computer software and the charges for the
11 tapes, disks, punched cards, or other properties furnished by the
12 seller; and

13 (b) In the furnishing of videotapes, movie film,
14 satellite programming, satellite programming service, and satellite
15 television signal descrambling or decoding devices, the gross
16 income received from the license, franchise, or other method
17 establishing the charge except the gross income received from
18 videotape and film rentals, satellite programming, and satellite
19 programming service when the sales tax or the admission tax is
20 charged under the Nebraska Revenue Act of 1967 and except as
21 provided in section 77-2704.39.

22 (4) Gross receipts for providing a service shall mean:

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

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

27 (c) The gross income received for computer software

1 training;

2 (d) The gross income received for installing and applying
3 tangible personal property if the sale of the property is subject
4 to tax;

5 (e) The gross income received for labor by a contractor
6 except as provided in section 77-2704.55;

7 (f) The gross income received for services of
8 recreational vehicle parks;

9 (g) The gross income received for labor for repair or
10 maintenance services performed with regard to tangible personal
11 property the sale of which would be subject to sales and use
12 taxes, excluding motor vehicles, except as otherwise provided in
13 subdivision (2) (f) of section 77-2702.13 or section 77-2704.26;

14 (h) The gross income received for animal specialty
15 services except (i) veterinary services and (ii) specialty services
16 performed on livestock as defined in section 54-183; and

17 (i) The gross income received for detective services.

18 (5) Gross receipts shall not include any of the
19 following:

20 (a) Cash discounts allowed and taken on sales;

21 (b) The amount of any rebate granted by a motor vehicle
22 or motorboat manufacturer or dealer at the time of sale of the
23 motor vehicle or motorboat, which rebate functions as a discount
24 from the sales price of the motor vehicle or motorboat;

25 (c) Sales price of property or services returned or
26 rejected by customers when the full sales price is refunded either
27 in cash or credit;

1 (d) The amount charged for finance charges, carrying
2 charges, service charges, or interest from credit extended on sales
3 of property or services under contracts providing for deferred
4 payments of the purchase price if such charges are not used as a
5 means of avoiding imposition of the tax upon the actual sales price
6 of the property or services;

7 (e) The value of property taken by a seller in trade as
8 all or a part of the consideration for a sale of property of any
9 kind or nature;

10 (f) The value of a motor vehicle or motorboat taken by
11 any person in trade as all or a part of the consideration for a
12 sale of another motor vehicle or motorboat;

13 (g) Receipts from conditional sale contracts, installment
14 sale contracts, rentals, and leases executed in writing prior to
15 June 1, 1967, and with delivery of the property prior to June
16 1, 1967, if such conditional sale contracts, installment sale
17 contracts, rentals, or leases are for a fixed price and are not
18 subject to negotiation or alteration; or

19 (h) Except as provided in subsection (2) of this section,
20 until October 1, 2002, the amount charged for labor or services
21 rendered in installing or applying the property sold if such amount
22 is separately stated and such separate statement is not used as a
23 means of avoiding imposition of the tax upon the actual sales price
24 of the property.

25 (6) Subsections (1) through (6) of this section terminate
26 on January 1, 2004.

27 (7) Gross receipts means the total amount of the sale or

1 lease or rental price, as the case may be, of the retail sales of
2 retailers.

3 (8) Gross receipts of every person engaged as a public
4 utility specified in this subsection or as a community antenna
5 television service operator or any person involved in connecting
6 and installing services defined in subdivision (8)(a), (b), or (d)
7 of this section means:

8 (a)(i) In the furnishing of telephone communication
9 service, other than mobile telecommunications service as described
10 in section 77-2703.04, the gross income received from furnishing
11 local exchange telephone service and intrastate message toll
12 telephone service; and

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

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

21 (c) In the furnishing of gas, electricity, sewer, and
22 water service, the gross income received from the furnishing of
23 such services upon billings or statements rendered to consumers for
24 such utility services;

25 (d) In the furnishing of community antenna television
26 service, the gross income received from the furnishing of such
27 community antenna television service as regulated under sections

1 18-2201 to 18-2205 or 23-383 to 23-388; and

2 (e) The gross income received from the provision,
3 installation, construction, servicing, or removal of property used
4 in conjunction with the furnishing, installing, or connecting of
5 any public utility services specified in subdivision (8) (a) or (b)
6 of this section or community antenna television service specified
7 in subdivision (8) (d) of this section, ~~which shall be considered~~
8 ~~construction services beginning October 1, 2003. Except except when~~
9 acting as a subcontractor for a public utility, this subdivision
10 does not apply to the gross income received by a contractor
11 electing to be treated as a consumer of building materials under
12 subdivision (2) or (3) of section 77-2701.10 for any such services
13 performed on the customer's side of the utility demarcation point.
14 ~~prior to October 1, 2003.~~

15 (9) Gross receipts of every person engaged in selling,
16 leasing, or otherwise providing intellectual or entertainment
17 property means:

18 (a) In the furnishing of computer software, the gross
19 income received, including the charges for coding, punching, or
20 otherwise producing any computer software and the charges for the
21 tapes, disks, punched cards, or other properties furnished by the
22 seller; and

23 (b) In the furnishing of videotapes, movie film,
24 satellite programming, satellite programming service, and satellite
25 television signal descrambling or decoding devices, the gross
26 income received from the license, franchise, or other method
27 establishing the charge.

1 (10) Gross receipts for providing a service means:

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

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

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

8 (d) The gross income received for installing and applying
9 tangible personal property if the sale of the property is subject
10 to tax;

11 ~~(e) The gross receipts received for labor by a contractor~~
12 ~~electing to be treated as a consumer of building materials under~~
13 ~~subdivision (2) or (3) of section 77-2701.10 except as provided~~
14 ~~in section 77-2704.55. For purposes of this subdivision, the gross~~
15 ~~receipts received for labor shall be sixty percent of the sales~~
16 ~~price for building materials and construction services less an~~
17 ~~allowance for sales tax paid on building materials. The allowance~~
18 ~~for sales tax paid on building materials shall equal the sales tax~~
19 ~~rate in effect at the time payment is received at the location of~~
20 ~~the project times forty percent of the sales price for building~~
21 ~~materials and construction services;~~

22 ~~(f)~~ (e) The gross income received for services of
23 recreational vehicle parks;

24 ~~(g)~~ (f) The gross income received for labor for repair
25 or maintenance services performed with regard to tangible personal
26 property the sale of which would be subject to sales and use taxes,
27 excluding motor vehicles, except as otherwise provided in section

1 77-2704.26 or 77-2704.50;

2 ~~(h)~~ (g) The gross income received for animal specialty
3 services except (i) veterinary services and (ii) specialty services
4 performed on livestock as defined in section 54-183; and

5 ~~(i)~~ (h) The gross income received for detective services.

6 (11) Gross receipts includes the sale of admissions which
7 means the right or privilege to have access to or to use a place
8 or location. An admission includes a membership that allows access
9 to or use of a place or location, but which membership does not
10 include the right to hold office, vote, or change the policies of
11 the organization. When an admission to an activity or a membership
12 constituting an admission pursuant to this subsection is combined
13 with the solicitation of a contribution, the portion or the amount
14 charged representing the fair market price of the admission shall
15 be considered a retail sale subject to the tax imposed by section
16 77-2703. The organization conducting the activity shall determine
17 the amount properly attributable to the purchase of the privilege,
18 benefit, or other consideration in advance, and such amount shall
19 be clearly indicated on any ticket, receipt, or other evidence
20 issued in connection with the payment.

21 (12) Gross receipts includes the sale of live plants
22 incorporated into real estate except when such incorporation is
23 incidental to the transfer of an improvement upon real estate or
24 the real estate.

25 (13) Gross receipts includes the sale of any building
26 materials annexed to real estate and any construction services by a
27 person electing to be taxed as a retailer pursuant to subdivision

1 (1) of section 77-2701.10.

2 (14) Gross receipts includes the sale of prepaid
3 telephone calling arrangements and the recharge of prepaid
4 telephone calling arrangements. If the sale or recharge of a
5 prepaid telephone calling arrangement does not take place at
6 the vendor's place of business, the sale or recharge shall be
7 conclusively determined to take place at the customer's shipping
8 address or, if there is no item shipped, at the customer's
9 billing address. For purposes of this subsection, a prepaid
10 telephone calling arrangement means the right to exclusively
11 purchase telecommunications services that are paid for in advance
12 that enables the origination of calls using an access number or
13 authorization code, whether manually or electronically dialed.

14 (15) Gross receipts does not include:

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

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

22 (16) Subsections (7) through (15) of this section become
23 operative on January 1, 2004.

24 (17) The Tax Commissioner shall hold a hearing on rules
25 and regulations to carry out the changes made to this section by
26 Laws 2003, LB 759. It is the intent of the Legislature that the Tax
27 Commissioner adopt and promulgate rules and regulations to carry

1 out such changes.

2 Sec. 12. Section 77-2701.34, Revised Statutes Cumulative
3 Supplement, 2006, is amended to read:

4 77-2701.34 Sale for resale means a sale of property or
5 provision of a service to any purchaser who is purchasing such
6 property or service for the purpose of reselling it in the normal
7 course of his or her business, either in the form or condition in
8 which it is purchased or as an attachment to or integral part of
9 other property or service. A sale for resale includes a sale of
10 building materials to a contractor or repairperson electing to be
11 taxed as a retailer under subdivision (1) of section 77-2701.10, a
12 sale of building materials to a contractor or repairperson being
13 taxed as the consumer of building materials and electing a tax-free
14 inventory under subdivision (3) of section 77-2701.10, or a sale
15 of property to a purchaser for the sole purpose of that purchaser
16 renting or leasing such property to another person, with rent or
17 lease payments set at a fair market value, or film rentals for
18 use in a place where an admission is charged that is subject to
19 tax under the Nebraska Revenue Act of 1967 but not if incidental
20 to the renting or leasing of real estate. A sale ~~for resale~~ also
21 ~~includes the sale by a contractor of construction services to~~
22 ~~another contractor.~~

23 Sec. 13. Section 77-2703, Revised Statutes Cumulative
24 Supplement, 2006, is amended to read:

25 77-2703 (1) There is hereby imposed a tax at the rate
26 provided in section 77-2701.02 upon the gross receipts from all
27 sales of tangible personal property sold at retail in this state,

1 the gross receipts of every person engaged as a public utility,
2 as a community antenna television service operator or any person
3 involved in the connecting and installing of the services defined
4 in subdivision ~~(2)(a)~~, ~~(b)~~, or ~~(d)~~ of section 77-2701.16 until
5 January ~~1~~, 2004, and the services defined in subdivision (8) (a),
6 (b), (d), or (e) of section 77-2701.16, beginning on January ~~1~~,
7 2004, or as a retailer of intellectual or entertainment properties
8 referred to in subsection ~~(3)~~ of section 77-2701.16 until January
9 ~~1~~, 2004, and subsection (9) of section 77-2701.16, beginning on
10 January ~~1~~, 2004, the gross receipts from the sale of admissions
11 in this state, the gross receipts from the sale of warranties,
12 guarantees, service agreements, or maintenance agreements when the
13 items covered are subject to tax under this section, and the gross
14 receipts from the provision of services defined in subsection ~~(4)~~
15 of section 77-2701.16 until January ~~1~~, 2004, and services defined
16 in subsection (10) of section 77-2701.16, beginning on January
17 ~~1~~, 2004. Except as provided in section 77-2701.03, when there is
18 a sale, the tax shall be imposed at the rate in effect at the
19 time the gross receipts are realized under the accounting basis
20 used by the retailer to maintain his or her books and records,
21 or for a contractor when the payment or payments are received
22 for construction services. For purposes of this subsection until
23 January ~~1~~, 2004, the provision of services shall be deemed to
24 be in this state for services provided to real estate if the
25 real estate is located in this state, for services provided to
26 personal property or animals if the personal property or animal is
27 located in this state and the service is rendered for use in this

1 ~~state, for detective services under subdivision (4)(i) of section~~
2 ~~77-2701.16, in the case of a customer who is an individual, if the~~
3 ~~individual is residing in this state, or in the case of a business~~
4 ~~customer, if the principal place of the business is located in this~~
5 ~~state, and for computer software training under subdivision (4)(c)~~
6 ~~of section 77-2701.16 if the training is performed at a location~~
7 ~~that is within this state for a customer located within this state.~~

8 (a) The tax imposed by this section shall be collected
9 by the retailer from the consumer. It shall constitute a part of
10 the purchase price and until collected shall be a debt from the
11 consumer to the retailer and shall be recoverable at law in the
12 same manner as other debts. The tax required to be collected by the
13 retailer from the consumer constitutes a debt owed by the retailer
14 to this state.

15 (b) It is unlawful for any retailer to advertise, hold
16 out, or state to the public or to any customer, directly or
17 indirectly, that the tax or part thereof will be assumed or
18 absorbed by the retailer, that it will not be added to the selling,
19 renting, or leasing price of the property sold, rented, or leased,
20 or that, if added, it or any part thereof will be refunded. The
21 provisions of this subdivision shall not apply to a public utility.

22 (c) The tax required to be collected by the retailer from
23 the purchaser, unless otherwise provided by statute or by rule and
24 regulation of the Tax Commissioner, shall be displayed separately
25 from the list price, the price advertised in the premises, the
26 marked price, or other price on the sales check or other proof of
27 sales, rentals, or leases.

1 (d) For the purpose of more efficiently securing the
2 payment, collection, and accounting for the sales tax and for the
3 convenience of the retailer in collecting the sales tax, it shall
4 be the duty of the Tax Commissioner to provide a schedule or
5 schedules of the amounts to be collected from the consumer or user
6 to effectuate the computation and collection of the tax imposed
7 by the Nebraska Revenue Act of 1967. Such schedule or schedules
8 shall provide that the tax shall be collected from the consumer
9 or user uniformly on sales according to brackets based on sales
10 prices of the item or items. Retailers may compute the tax due on
11 any transaction on an item or an invoice basis. The rounding rule
12 provided in section 77-3,117 applies.

13 (e) The use of tokens or stamps for the purpose of
14 collecting or enforcing the collection of the taxes imposed in the
15 Nebraska Revenue Act of 1967 or for any other purpose in connection
16 with such taxes is prohibited.

17 (f) For the purpose of the proper administration of the
18 provisions of the Nebraska Revenue Act of 1967 and to prevent
19 evasion of the retail sales tax, it shall be presumed that all
20 gross receipts are subject to the tax until the contrary is
21 established. The burden of proving that a sale of property is not
22 a sale at retail is upon the person who makes the sale unless he
23 or she takes from the purchaser (i) a resale certificate to the
24 effect that the property is purchased for the purpose of reselling,
25 leasing, or renting it, (ii) an exemption certificate pursuant to
26 subsection (7) of section 77-2705, or (iii) a direct payment permit
27 pursuant to sections 77-2705.01 to 77-2705.03. Receipt of a resale

1 certificate, exemption certificate, or direct payment permit shall
2 be conclusive proof for the seller that the sale was made for
3 resale or was exempt or that the tax will be paid directly to the
4 state.

5 (g) In the rental or lease of automobiles, trucks,
6 trailers, semitrailers, and truck-tractors as defined in the Motor
7 Vehicle Registration Act, the tax shall be collected by the lessor
8 on the rental or lease price at the tax rate in effect on the date
9 the automobile, truck, trailer, semitrailer, or truck-tractor is
10 delivered to the lessee, except as otherwise provided within this
11 section.

12 (h) In the rental or lease of automobiles, trucks,
13 trailers, semitrailers, and truck-tractors as defined in the act,
14 for periods of one year or more, the lessor may elect not to
15 collect and remit the sales tax on the gross receipts and instead
16 pay a sales tax on the cost of such vehicle. If such election is
17 made, it shall be made pursuant to the following conditions:

18 (i) Notice of the desire to make such election shall
19 be filed with the Tax Commissioner and shall not become effective
20 until the Tax Commissioner is satisfied that the taxpayer has
21 complied with all conditions of this subsection and all rules and
22 regulations of the Tax Commissioner;

23 (ii) Such election when made shall continue in force and
24 effect for a period of not less than two years and thereafter until
25 such time as the lessor elects to terminate the election;

26 (iii) When such election is made, it shall apply to all
27 vehicles of the lessor rented or leased for periods of one year or

1 more except vehicles to be leased to common or contract carriers
2 who provide to the lessor a valid common or contract carrier
3 exemption certificate. If the lessor rents or leases other vehicles
4 for periods of less than one year, such lessor shall maintain his
5 or her books and records and his or her accounting procedure as the
6 Tax Commissioner prescribes; and

7 (iv) The Tax Commissioner by rule and regulation shall
8 prescribe the contents and form of the notice of election, a
9 procedure for the determination of the tax base of vehicles which
10 are under an existing lease at the time such election becomes
11 effective, the method and manner for terminating such election, and
12 such other rules and regulations as may be necessary for the proper
13 administration of this subdivision.

14 (i) The tax imposed by this section on the sales of
15 motor vehicles, semitrailers, and trailers as defined in sections
16 60-339, 60-348, and 60-354 shall be the liability of the purchaser
17 and, with the exception of motor vehicles, semitrailers, and
18 trailers registered pursuant to section 60-3,198, the tax shall
19 be collected by the county treasurer or designated county official
20 as provided in the Motor Vehicle Registration Act at the time
21 the purchaser makes application for the registration of the motor
22 vehicle, semitrailer, or trailer for operation upon the highways
23 of this state. The tax imposed by this section on motor vehicles,
24 semitrailers, and trailers registered pursuant to section 60-3,198
25 shall be collected by the Department of Motor Vehicles at the time
26 the purchaser makes application for the registration of the motor
27 vehicle, semitrailer, or trailer for operation upon the highways

1 of this state. At the time of the sale of any motor vehicle,
2 semitrailer, or trailer, the seller shall (i) state on the sales
3 invoice the dollar amount of the tax imposed under this section
4 and (ii) furnish to the purchaser a certified statement of the
5 transaction, in such form as the Tax Commissioner prescribes,
6 setting forth as a minimum the total sales price, the allowance for
7 any trade-in, and the difference between the two. The sales tax due
8 shall be computed on the difference between the total sales price
9 and the allowance for any trade-in as disclosed by such certified
10 statement. Any seller who willfully understates the amount upon
11 which the sales tax is due shall be subject to a penalty of one
12 thousand dollars. A copy of such certified statement shall also
13 be furnished to the Tax Commissioner. Any seller who fails or
14 refuses to furnish such certified statement shall be guilty of
15 a misdemeanor and shall, upon conviction thereof, be punished by
16 a fine of not less than twenty-five dollars nor more than one
17 hundred dollars. If the seller fails to state on the sales invoice
18 the dollar amount of the tax due, the purchaser shall have the
19 right and authority to rescind any agreement for purchase and
20 to declare the purchase null and void. If the purchaser retains
21 such motor vehicle, semitrailer, or trailer in this state and
22 does not register it for operation on the highways of this state
23 within thirty days of the purchase thereof, the tax imposed by
24 this section shall immediately thereafter be paid by the purchaser
25 to the county treasurer, the designated county official, or the
26 Department of Motor Vehicles. If the tax is not paid on or
27 before the thirtieth day after its purchase, the county treasurer,

1 designated county official, or Department of Motor Vehicles shall
2 also collect from the purchaser interest from the thirtieth day
3 through the date of payment and sales tax penalties as provided in
4 the Nebraska Revenue Act of 1967. The county treasurer, designated
5 county official, or Department of Motor Vehicles shall report and
6 remit the tax so collected to the Tax Commissioner by the fifteenth
7 day of the following month. The county treasurer or designated
8 county official shall deduct and withhold for the use of the county
9 general fund, from all amounts required to be collected under
10 this subsection, the collection fee permitted to be deducted by
11 any retailer collecting the sales tax. The Department of Motor
12 Vehicles shall deduct, withhold, and deposit in the Motor Carrier
13 Division Cash Fund the collection fee permitted to be deducted by
14 any retailer collecting the sales tax. The collection fee shall
15 be forfeited if the county treasurer, designated county official,
16 or Department of Motor Vehicles violates any rule or regulation
17 pertaining to the collection of the use tax.

18 (j) (i) The tax imposed by this section on the sale of a
19 motorboat as defined in section 37-1204 shall be the liability of
20 the purchaser. The tax shall be collected by the county treasurer
21 or designated county official at the time the purchaser makes
22 application for the registration of the motorboat. At the time
23 of the sale of a motorboat, the seller shall (A) state on the
24 sales invoice the dollar amount of the tax imposed under this
25 section and (B) furnish to the purchaser a certified statement of
26 the transaction, in such form as the Tax Commissioner prescribes,
27 setting forth as a minimum the total sales price, the allowance for

1 any trade-in, and the difference between the two. The sales tax due
2 shall be computed on the difference between the total sales price
3 and the allowance for any trade-in as disclosed by such certified
4 statement. Any seller who willfully understates the amount upon
5 which the sales tax is due shall be subject to a penalty of one
6 thousand dollars. A copy of such certified statement shall also
7 be furnished to the Tax Commissioner. Any seller who fails or
8 refuses to furnish such certified statement shall be guilty of a
9 misdemeanor and shall, upon conviction thereof, be punished by a
10 fine of not less than twenty-five dollars nor more than one hundred
11 dollars. If the seller fails to state on the sales invoice the
12 dollar amount of the tax due, the purchaser shall have the right
13 and authority to rescind any agreement for purchase and to declare
14 the purchase null and void. If the purchaser retains such motorboat
15 in this state and does not register it within thirty days of the
16 purchase thereof, the tax imposed by this section shall immediately
17 thereafter be paid by the purchaser to the county treasurer or
18 designated county official. If the tax is not paid on or before
19 the thirtieth day after its purchase, the county treasurer or
20 designated county official shall also collect from the purchaser
21 interest from the thirtieth day through the date of payment and
22 sales tax penalties as provided in the Nebraska Revenue Act of
23 1967. The county treasurer or designated county official shall
24 report and remit the tax so collected to the Tax Commissioner by
25 the fifteenth day of the following month. The county treasurer or
26 designated county official shall deduct and withhold for the use of
27 the county general fund, from all amounts required to be collected

1 under this subsection, the collection fee permitted to be deducted
2 by any retailer collecting the sales tax. The collection fee shall
3 be forfeited if the county treasurer or designated county official
4 violates any rule or regulation pertaining to the collection of the
5 use tax.

6 (ii) In the rental or lease of motorboats, the tax shall
7 be collected by the lessor on the rental or lease price.

8 (k) The Tax Commissioner shall adopt and promulgate
9 necessary rules and regulations for determining the amount subject
10 to the taxes imposed by this section so as to insure that the
11 full amount of any applicable tax is paid in cases in which a
12 sale is made of which a part is subject to the taxes imposed by
13 this section and a part of which is not so subject and a separate
14 accounting is not practical or economical.

15 (2) A use tax is hereby imposed on the storage, use, or
16 other consumption in this state of property purchased, leased, or
17 rented from any retailer and on any transaction the gross receipts
18 of which are subject to tax under subsection (1) of this section
19 on or after June 1, 1967, for storage, use, or other consumption
20 in this state at the rate set as provided in subsection (1) of
21 this section on the sales price of the property or, in the case of
22 leases or rentals, of the lease or rental prices.

23 (a) Every person storing, using, or otherwise consuming
24 in this state property purchased from a retailer or leased or
25 rented from another person for such purpose shall be liable for the
26 use tax at the rate in effect when his or her liability for the
27 use tax becomes certain under the accounting basis used to maintain

1 his or her books and records. His or her liability shall not be
2 extinguished until the use tax has been paid to this state, except
3 that a receipt from a retailer engaged in business in this state
4 or from a retailer who is authorized by the Tax Commissioner, under
5 such rules and regulations as he or she may prescribe, to collect
6 the sales tax and who is, for the purposes of the Nebraska Revenue
7 Act of 1967 relating to the sales tax, regarded as a retailer
8 engaged in business in this state, which receipt is given to the
9 purchaser pursuant to subdivision (b) of this subsection, shall be
10 sufficient to relieve the purchaser from further liability for the
11 tax to which the receipt refers.

12 (b) Every retailer engaged in business in this state and
13 selling, leasing, or renting property for storage, use, or other
14 consumption in this state shall, at the time of making any sale,
15 collect any tax which may be due from the purchaser and shall give
16 to the purchaser, upon request, a receipt therefor in the manner
17 and form prescribed by the Tax Commissioner.

18 (c) The Tax Commissioner, in order to facilitate the
19 proper administration of the use tax, may designate such person or
20 persons as he or she may deem necessary to be use tax collectors
21 and delegate to such persons such authority as is necessary to
22 collect any use tax which is due and payable to the State of
23 Nebraska. The Tax Commissioner may require of all persons so
24 designated a surety bond in favor of the State of Nebraska to
25 insure against any misappropriation of state funds so collected.
26 The Tax Commissioner may require any tax official, city, county, or
27 state, to collect the use tax on behalf of the state. All persons

1 designated to or required to collect the use tax shall account for
2 such collections in the manner prescribed by the Tax Commissioner.
3 Nothing in this subdivision shall be so construed as to prevent the
4 Tax Commissioner or his or her employees from collecting any use
5 taxes due and payable to the State of Nebraska.

6 (d) All persons designated to collect the use tax and all
7 persons required to collect the use tax shall forward the total of
8 such collections to the Tax Commissioner at such time and in such
9 manner as the Tax Commissioner may prescribe. For all use taxes
10 collected prior to October 1, 2002, such collectors of the use tax
11 shall deduct and withhold from the amount of taxes collected two
12 and one-half percent of the first three thousand dollars remitted
13 each month and one-half of one percent of all amounts in excess
14 of three thousand dollars remitted each month as reimbursement
15 for the cost of collecting the tax. For use taxes collected on
16 and after October 1, 2002, such collectors of the use tax shall
17 deduct and withhold from the amount of taxes collected two and
18 one-half percent of the first three thousand dollars remitted each
19 month as reimbursement for the cost of collecting the tax. Any
20 such deduction shall be forfeited to the State of Nebraska if such
21 collector violates any rule, regulation, or directive of the Tax
22 Commissioner.

23 (e) For the purpose of the proper administration of the
24 Nebraska Revenue Act of 1967 and to prevent evasion of the use tax,
25 it shall be presumed that property sold, leased, or rented by any
26 person for delivery in this state is sold, leased, or rented for
27 storage, use, or other consumption in this state until the contrary

1 is established. The burden of proving the contrary is upon the
2 person who purchases, leases, or rents the property.

3 (f) For the purpose of the proper administration of the
4 Nebraska Revenue Act of 1967 and to prevent evasion of the use tax,
5 for the sale of property to an advertising agency which purchases
6 the property as an agent for a disclosed or undisclosed principal,
7 the advertising agency is and remains liable for the sales and
8 use tax on the purchase the same as if the principal had made the
9 purchase directly.

10 Sec. 14. Section 77-2703.01, Revised Statutes Cumulative
11 Supplement, 2006, is amended to read:

12 77-2703.01 (1) The determination of whether a sale or use
13 of property or the provision of services is in this state, in a
14 municipality that has adopted a tax under the Local Option Revenue
15 Act, or in a county that has adopted a tax under section 13-319
16 shall be governed by the sourcing rules in sections 77-2703.01 to
17 77-2703.04.

18 (2) When the property or service is received by the
19 purchaser at a business location of the retailer, the sale is
20 sourced to that business location.

21 (3) When the property or service is not received by the
22 purchaser at a business location of the retailer, the sale is
23 sourced to the location where receipt by the purchaser or the
24 purchaser's donee, designated as such by the purchaser, occurs,
25 including the location indicated by instructions for delivery to
26 the purchaser or donee, known to the retailer.

27 (4) When subsection (2) or (3) of this section does not

1 apply, the sale is sourced to the location indicated by an address
2 or other information for the purchaser that is available from
3 the business records of the retailer that are maintained in the
4 ordinary course of the retailer's business when use of this address
5 does not constitute bad faith.

6 (5) When subsection (2), (3), or (4) of this section does
7 not apply, the sale is sourced to the location indicated by an
8 address for the purchaser obtained during the consummation of the
9 sale, including the address of a purchaser's payment instrument, if
10 no other address is available, when use of this address does not
11 constitute bad faith.

12 (6) When subsection (2), (3), (4), or (5) of this section
13 does not apply, including the circumstance in which the retailer
14 is without sufficient information to apply the rules in any such
15 subsection, then the location will be determined by the address
16 from which property was shipped, from which the digital good was
17 first available for transmission by the retailer, or from which the
18 service was provided disregarding for these purposes any location
19 that merely provided the digital transfer of the product sold.

20 (7) The lease or rental of tangible personal property,
21 other than property identified in subsection (8) or (9) of this
22 section, shall be sourced as follows:

23 (a) For a lease or rental that requires recurring
24 periodic payments, the first periodic payment is sourced the same
25 as a retail sale in accordance with the provisions of subsections
26 (2) through (6) of this section. Periodic payments made subsequent
27 to the first payment are sourced to the primary property location

1 for each period covered by the payment. The primary property
2 location shall be as indicated by an address for the property
3 provided by the lessee that is available to the lessor from its
4 records maintained in the ordinary course of business when use of
5 this address does not constitute bad faith. The property location
6 shall not be altered by intermittent use at different locations,
7 such as use of business property that accompanies employees on
8 business trips and service calls; and

9 (b) For a lease or rental that does not require recurring
10 periodic payments, the payment is sourced the same as a retail sale
11 in accordance with the provisions of subsections (2) through (6) of
12 this section.

13 This subsection does not affect the imposition or
14 computation of sales or use tax on leases or rentals based on a
15 lump-sum or accelerated basis or on the acquisition of property
16 for lease.

17 (8) The lease or rental of motor vehicles, trailers,
18 semitrailers, or aircraft that do not qualify as transportation
19 equipment under subsection (9) of this section shall be sourced as
20 follows:

21 (a) For a lease or rental that requires recurring
22 periodic payments, each periodic payment is sourced to the primary
23 property location. The primary property location shall be as
24 indicated by an address for the property provided by the lessee
25 that is available to the lessor from its records maintained in
26 the ordinary course of business when use of this address does
27 not constitute bad faith. This location shall not be altered by

1 intermittent use at different locations; and

2 (b) For a lease or rental that does not require recurring
3 periodic payments, the payment is sourced the same as a retail sale
4 in accordance with the provisions of subsections (2) through (6) of
5 this section.

6 This subsection does not affect the imposition or
7 computation of sales or use tax on leases or rentals based on a
8 lump-sum or accelerated basis or on the acquisition of property
9 for lease.

10 (9) The retail sale, including lease or rental, of
11 transportation equipment shall be sourced the same as a retail sale
12 in accordance with subsections (2) through (6) of this section.
13 Transportation equipment means any of the following:

14 (a) Locomotives and railcars that are utilized for the
15 carriage of persons or property in interstate commerce;

16 (b) Trucks and truck-tractors with a gross vehicle
17 weight rating of ten thousand one pounds or greater, trailers,
18 semitrailers, or passenger buses that are (i) registered through
19 the International Registration Plan and (ii) operated under
20 authority of a carrier authorized and certificated by the United
21 States Department of Transportation or another federal authority
22 to engage in the carriage of persons or property in interstate
23 commerce;

24 (c) Aircraft operated by air carriers authorized and
25 certificated by the United States Department of Transportation or
26 another federal authority or a foreign authority to engage in the
27 carriage of persons or property in interstate or foreign commerce;

1 and

2 (d) Containers designed for use on and component parts
3 attached or secured on the items set forth in subdivisions (9) (a)
4 through (c) of this section.

5 (10) For purposes of this section, receive and receipt
6 mean taking possession of tangible personal property, making first
7 use of services, or taking possession or making first use of
8 digital goods, whichever comes first. The terms receive and receipt
9 do not include possession by a shipping company on behalf of the
10 purchaser. For purposes of sourcing detective services subject to
11 tax under subdivision ~~(10)(i)~~ (10)(h) of section 77-2701.16, making
12 first use of a service shall be deemed to be at the individual's
13 residence, in the case of a customer who is an individual, or
14 at the principal place of business, in the case of a business
15 customer.

16 (11) The sale, not including lease or rental, of a motor
17 vehicle, semitrailer, or trailer as defined in the Motor Vehicle
18 Registration Act shall be sourced to the place of registration of
19 the motor vehicle, semitrailer, or trailer for operation upon the
20 highways of this state.

21 (12) The sale or lease for one year or more of motorboats
22 shall be sourced to the place of registration of the motorboat. The
23 lease of motorboats for less than one year shall be sourced to the
24 point of delivery.

25 Sec. 15. Section 77-2704.33, Revised Statutes Cumulative
26 Supplement, 2006, is amended to read:

27 77-2704.33 (1) When a written contract exists for a

1 fixed price for a construction, reconstruction, alteration, or
2 improvement project and the sales tax rate is increased during
3 the term of that fixed-price contract, the contractor may apply
4 for a refund of the increased sales tax amount if such refund
5 amount exceeds ten dollars. The contractor shall be refunded such
6 increased amount if the contractor certifies that the contract
7 was entered into prior to the increase in the tax and that the
8 increased tax for which the refund is requested was paid on the
9 building materials annexed to real estate in the project. The
10 contractor shall agree to submit a copy of the contract or other
11 evidence necessary to prove the validity of the application to the
12 satisfaction of the Tax Commissioner. In the event that the sales
13 tax rate is decreased during the term of that fixed-price contract,
14 the contractor shall pay to the Department of Revenue the decreased
15 sales tax amount if the amount of such payment exceeds ten dollars.
16 Failure by a contractor to pay the decreased sales tax amount
17 as provided in this subsection shall be a Class I misdemeanor
18 if the amount is three hundred dollars or more and a Class IIIA
19 misdemeanor in all other cases.

20 (2) ~~When a written contract exists for a fixed price for~~
21 ~~a construction, reconstruction, alteration, or improvement project~~
22 ~~and the construction services became subject to the sales and use~~
23 ~~tax during the term of that fixed-price contract, the taxpayer~~
24 ~~may apply for a refund of the increased sales tax amount if such~~
25 ~~refund amount exceeds ten dollars. The taxpayer shall be refunded~~
26 ~~such increased amount if the taxpayer certifies that the contract~~
27 ~~was entered into prior to the increase in the tax and that the~~

1 increased tax for which the refund is requested was paid on the
2 construction services. The taxpayer shall agree to submit a copy of
3 the contract or other evidence necessary to prove the validity of
4 the application to the satisfaction of the Tax Commissioner. In the
5 event that construction services are removed from the sales and use
6 tax base during the term of a fixed-price contract, the taxpayer
7 shall pay to the Department of Revenue the decreased sales tax
8 amount if the amount of such payment exceeds ten dollars. Failure
9 by a taxpayer to pay the decreased sales tax amount as provided in
10 this subsection shall be a Class I misdemeanor if the amount is
11 three hundred dollars or more and a Class IIIA misdemeanor in all
12 other cases.

13 Sec. 16. Section 77-2704.55, Revised Statutes Cumulative
14 Supplement, 2006, is amended to read:

15 77-2704.55 ~~(1)~~ Sales and use taxes shall not be
16 imposed on the gross receipts for the labor of a contractor as
17 determined in subdivision ~~(10)~~(e) of section 77-2701.16 purchased
18 in connection with the following types of construction projects:

19 ~~(a)~~ The first or original construction of a new
20 structure, building, or unit;

21 ~~(b)~~ The construction, repair, or annexation of any
22 structure used for the generation, transmission, or distribution of
23 electricity;

24 ~~(c)~~ The major addition, remodeling, restoration, repair,
25 or renovation of an existing structure or building or a unit of
26 an existing building that is a single construction project of any
27 type that costs at least fifty percent of the current value of the

1 existing structure or building or unit of an existing building, or
2 (d) Commencing July 1, 2006, construction services on
3 dwellings designed for occupancy by one family or duplexes designed
4 for occupancy by two families.

5 (2) For purposes of this section:

6 (a) Building means any freestanding structure annexed to
7 land, enclosed within a roof and exterior walls, regardless of
8 whether enclosed on all sides.

9 (b) Current value means the current assessed value of
10 the structure, building, or unit as determined in the records
11 of the county assessor. If the county assessor has no current
12 assessed value, the current value shall be the market value of
13 the structure, building, or unit as shown by an appraisal of the
14 property that has been performed by a licensed appraiser within six
15 months prior to commencement of the construction project.

16 (c) Dwelling means a residential structure. Dwelling
17 includes an attached or detached garage. Dwelling does not include
18 fences, landscaping, retaining walls, storage buildings, or other
19 structures that are not designed for human habitation.

20 (d) Owner-occupied residential unit means a residential
21 unit in a dwelling complex containing three or more units actually
22 occupied by a natural person who is the owner of record or who has
23 a life tenancy therein at the time the construction or repair work
24 is performed.

25 (e) Structure means any construction composed of building
26 materials arranged and fitted together in some way. Structure
27 includes, but is not limited to, streets and roadways, street

1 lighting, and sewers and waterlines, and

2 ~~(f)~~ Unit means a physical portion of a building
3 designated for separate ownership, rental, or occupancy. If a unit
4 of a building is to be renovated and the current value is known
5 only for the building, the current value for the building shall be
6 apportioned to the unit based on square footage of floor space.

7 ~~(3)~~ (1) Construction services performed on an
8 owner-occupied residential unit shall be subject to tax, but
9 commencing July 1, 2006, prior to October 1, 2007, but the owner
10 shall be entitled to a refund of any sales and use taxes paid by
11 the owner on construction services pursuant to this subsection. A
12 taxpayer shall be entitled to a refund of any sales tax paid on
13 the gross receipts for the labor of a contractor for any major
14 addition, remodeling, restoration, repair, or renovation described
15 in this section as it existed prior to October 1, 2007. The refund
16 granted in this subsection shall be conditioned upon filing a claim
17 for the refund on a form developed by the Tax Commissioner. The
18 requirements imposed by the Tax Commissioner shall be related to
19 ensuring that the project qualifies for the refund. Any information
20 received pursuant to the requirements of this subsection may
21 be disclosed to any tax official in this state. Any taxpayer
22 who provides false information on the forms required by the Tax
23 Commissioner for purposes of this subsection shall be subject to
24 the penalties provided in subsection (8) of section 77-2705.

25 ~~(4)(a)~~ Until July 1, 2007, a taxpayer may seek prior
26 approval from the Department of Revenue that the project, if
27 substantially completed according to designs and specifications

1 submitted with the application to the department, meets the
2 requirements for a major addition, remodeling, restoration, repair,
3 or renovation under this section and the labor performed in
4 annexing the building materials to real estate will be exempt from
5 tax.

6 (b) The approval granted in this subsection shall be
7 conditioned upon filing an application on a form developed by the
8 Tax Commissioner with an application fee of five hundred dollars.
9 The application fee shall be remitted to the State Treasurer for
10 credit to the Department of Revenue Contractor Enforcement Fund.
11 The application shall be supported by designs, specifications,
12 contract amount, and the current value. Any requirements imposed by
13 the Tax Commissioner shall be related to ensuring that the project
14 qualifies for the exemption so long as the project is completed
15 in substantial conformity with the designs and specifications
16 submitted with the application.

17 (c) The Tax Commissioner shall approve or deny the
18 application within sixty business days after receiving the
19 application. Within sixty days after the completion of the
20 renovation, a licensed architect or engineer shall certify to the
21 Tax Commissioner that the renovation was completed in substantial
22 conformity with the designs and specifications submitted with the
23 application or shall amend the original application to describe the
24 project as actually completed.

25 (d) Any information received pursuant to the requirements
26 of this subsection may be disclosed to any tax official in this
27 state. Any person who provides false information on the forms or

1 designs and specifications required by the Tax Commissioner for
2 purposes of this subsection shall be subject to the penalties
3 provided in subsection (8) of section 77-2705.

4 ~~(5) The provisions of this section shall not excuse any~~
5 ~~person from the obligation to collect sales tax on retail sales of~~
6 ~~property not annexed to real estate or from the obligation to pay~~
7 ~~the sales tax or remit the use tax on tools, services, and other~~
8 ~~materials consumed that are not annexed to real estate.~~

9 ~~(6) (2) The Department of Revenue Contractor Enforcement~~
10 ~~Fund is created. Any money in the fund available for investment~~
11 ~~shall be invested by the state investment officer pursuant to~~
12 ~~the Nebraska Capital Expansion Act and the Nebraska State Funds~~
13 ~~Investment Act.~~

14 Sec. 17. Section 77-2715.02, Revised Statutes Cumulative
15 Supplement, 2006, is amended to read:

16 77-2715.02 (1) Whenever the primary rate is changed by
17 the Legislature under section 77-2715.01, the Tax Commissioner
18 shall update the rate schedules required in subsection (2) of this
19 section to reflect the new primary rate and shall publish such
20 updated schedules.

21 (2) The following rate schedules are hereby established
22 for the Nebraska individual income tax and shall be in the
23 following form:

24 (a) ~~The~~ For taxable years beginning or deemed to begin
25 before January 1, 2007, income amounts for columns A and E shall
26 be:

27 (i) \$0, \$2,400, \$17,500, and \$27,000, for single returns;

1 (ii) \$0, \$4,000, \$31,000, and \$50,000, for married filing
2 joint returns;

3 (iii) \$0, \$3,800, \$25,000, and \$35,000, for
4 head-of-household returns;

5 (iv) \$0, \$2,000, \$15,500, and \$25,000, for married filing
6 separate returns; and

7 (v) \$0, \$500, \$4,700, and \$15,150, for estates and
8 trusts;

9 (b) For taxable years beginning or deemed to begin on or
10 after January 1, 2007, and before January 1, 2011, income amounts
11 for columns A and E shall be:

12 (i) \$0, \$2,400, \$17,500, and \$27,000, for single returns;

13 (ii) \$0, \$4,800, \$35,000, and \$54,000, for married filing
14 joint returns;

15 (iii) \$0, \$4,500, \$28,000, and \$40,000, for
16 head-of-household returns;

17 (iv) \$0, \$2,400, \$17,500, and \$27,000, for married filing
18 separate returns; and

19 (v) \$0, \$500, \$4,700, and \$15,150, for estates and
20 trusts;

21 ~~(b)~~ (c) The amount in column C shall be the total amount
22 of the tax imposed on income less than the amount in column A;

23 ~~(e)~~ (d) The amount in column D shall be the rate on the
24 income in excess of the amount in column E;

25 ~~(d)~~ (e) For taxable years beginning or deemed to begin
26 before January 1, ~~2003,~~ 2007, under the Internal Revenue Code of
27 1986, as amended, the primary rate set by the Legislature shall

1 be multiplied by the following factors to compute the tax rates
2 for column D. The factors for the brackets, from lowest to highest
3 bracket, shall be ~~.6784, .9432, 1.3541, and 1.8054~~, .6932, .9646,
4 1.3846, and 1.848;

5 ~~(e)~~ (f) For taxable years beginning or deemed to begin
6 on or after January 1, ~~2003~~, 2007, under the Internal Revenue Code
7 of 1986, as amended, the primary rate set by the Legislature shall
8 be multiplied by the following factors to compute the tax rates
9 for column D. The factors for the brackets, from lowest to highest
10 bracket, shall be .6932, .9646, 1.3846, and ~~1.848~~, 1.7973;

11 ~~(f)~~ (g) The amounts for column C shall be rounded to the
12 nearest dollar, and the amounts in column D shall be rounded to
13 hundredths of one percent; and

14 ~~(g)~~ (h) One rate schedule shall be established for each
15 federal filing status.

16 (3) The tax rate schedules shall use the format set forth
17 in this subsection.

18	A	B	C	D	E
19	Taxable income	but not	pay	plus	of the
20	over	over			amount over

21 (4) The tax rate applied to other federal taxes included
22 in the computation of the Nebraska individual income tax shall be
23 eight times the primary rate.

24 (5) The Tax Commissioner shall prepare, from the rate
25 schedules, tax tables which can be used by a majority of the
26 taxpayers to determine their Nebraska tax liability. The design of
27 the tax tables shall be determined by the Tax Commissioner. The

1 size of the tax table brackets may change as the level of income
2 changes. The difference in tax between two tax table brackets shall
3 not exceed fifteen dollars. The Tax Commissioner may build the
4 personal exemption credit and standard deduction amounts into the
5 tax tables.

6 (6) The Tax Commissioner may require by rule and
7 regulation that all taxpayers shall use the tax tables if their
8 income is less than the maximum income included in the tax tables.

9 Sec. 18. Section 77-2715.07, Revised Statutes Cumulative
10 Supplement, 2006, is amended to read:

11 77-2715.07 (1) There shall be allowed to qualified
12 resident individuals as a nonrefundable credit against the income
13 tax imposed by the Nebraska Revenue Act of 1967:

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

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

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

21 (a) For returns filed reporting federal adjusted
22 gross incomes of greater than twenty-nine thousand dollars, a
23 nonrefundable credit equal to twenty-five percent of the federal
24 credit allowed under section 21 of the Internal Revenue Code of
25 1986, as amended;

26 (b) For returns filed reporting federal adjusted gross
27 income of twenty-nine thousand dollars or less, a refundable credit

1 equal to a percentage of the federal credit allowable under section
2 21 of the Internal Revenue Code of 1986, as amended, whether or
3 not the federal credit was limited by the federal tax liability.
4 The percentage of the federal credit shall be one hundred percent
5 for incomes not greater than twenty-two thousand dollars, and
6 the percentage shall be reduced by ten percent for each one
7 thousand dollars, or fraction thereof, by which the reported
8 federal adjusted gross income exceeds twenty-two thousand dollars;

9 (c) A refundable credit for individuals who qualify for
10 an income tax credit as an owner of agricultural assets under the
11 Beginning Farmer Tax Credit Act for all taxable years beginning or
12 deemed to begin on or after January 1, 2001, under the Internal
13 Revenue Code of 1986, as amended; and a refundable credit as
14 provided in section 77-5209.01 for individuals who qualify for an
15 income tax credit as a qualified beginning farmer or livestock
16 producer under the Beginning Farmer Tax Credit Act for all taxable
17 years beginning or deemed to begin on or after January 1, 2006,
18 under the Internal Revenue Code of 1986, as amended;

19 (d) A refundable credit for individuals who qualify for
20 an income tax credit under the Nebraska Advantage Microenterprise
21 Tax Credit Act or the Nebraska Advantage Research and Development
22 Act; and

23 (e) A refundable credit equal to eight percent of the
24 federal credit allowed under section 32 of the Internal Revenue
25 Code of 1986, as amended.

26 (3) There shall be allowed to all individuals as a
27 nonrefundable credit against the income tax imposed by the Nebraska

1 Revenue Act of 1967:

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

4 (b) A credit for contributions to certified community
5 betterment programs as provided in the Community Development
6 Assistance Act. Each partner, each shareholder of an electing
7 subchapter S corporation, each beneficiary of an estate or trust,
8 or each member of a limited liability company shall report his or
9 her share of the credit in the same manner and proportion as he
10 or she reports the partnership, subchapter S corporation, estate,
11 trust, or limited liability company income.

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

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

16 (b) A credit to all estates and trusts for contributions
17 to certified community betterment programs as provided in the
18 Community Development Assistance Act.

19 ~~(5) There shall be allowed to all business firms as a~~
20 ~~credit against the income tax imposed by the Nebraska Revenue Act~~
21 ~~of 1967 a credit as provided in section 77-27,222.~~

22 Sec. 19. Section 77-2716.01, Revised Statutes Cumulative
23 Supplement, 2006, is amended to read:

24 77-2716.01 (1) Every individual shall be allowed to
25 subtract from his or her income tax liability an amount for
26 personal exemptions. The amount allowed to be subtracted shall
27 be the credit amount for the year as provided in this section

1 multiplied by the number of exemptions allowed on the federal
2 return. For tax year 1993, the credit amount shall be sixty-five
3 dollars; for tax year 1994, the credit amount shall be sixty-nine
4 dollars; for tax year 1995, the credit amount shall be sixty-nine
5 dollars; for tax year 1996, the credit amount shall be seventy-two
6 dollars; for tax year 1997, the credit amount shall be eighty-six
7 dollars; for tax year 1998, the credit amount shall be eighty-eight
8 dollars; for tax year 1999, and each year thereafter, the credit
9 amount shall be adjusted for inflation by the method provided in
10 section 151 of the Internal Revenue Code of 1986, as amended. The
11 eighty-eight-dollar credit amount shall be adjusted for cumulative
12 inflation since 1998. If any credit amount is not an even dollar
13 amount, the amount shall be rounded to the nearest dollar. For
14 nonresident individuals and partial-year resident individuals, the
15 personal exemption credit shall be subtracted as specified in
16 subsection (3) of section 77-2715.

17 ~~(2)(a) For tax years beginning or deemed to begin before~~
18 ~~January 1, 2003, under the Internal Revenue Code of 1986, as~~
19 ~~amended, every individual who did not itemize deductions on his~~
20 ~~or her federal return shall be allowed to subtract from federal~~
21 ~~adjusted gross income a standard deduction equal to the federal~~
22 ~~standard deduction for the filing status used on the federal return~~
23 ~~except as the amount is adjusted under section 77-2716.03.~~

24 ~~(b)~~ (2)(a) For tax years beginning or deemed to begin
25 on or after January 1, 2003, and before January 1, 2004, under
26 the Internal Revenue Code of 1986, as amended, every individual
27 who did not itemize deductions on his or her federal return

1 shall be allowed to subtract from federal adjusted gross income
2 a standard deduction based on the filing status used on the
3 federal return except as the amount is adjusted under section
4 77-2716.03. The standard deduction shall be the smaller of the
5 federal standard deduction actually allowed or (i) for single
6 taxpayers four thousand seven hundred fifty dollars, (ii) for head
7 of household taxpayers seven thousand dollars, (iii) for married
8 filing jointly taxpayers seven thousand nine hundred fifty dollars,
9 and (iv) for married filing separately taxpayers three thousand
10 nine hundred seventy-five dollars. Taxpayers who are allowed
11 additional federal standard deduction amounts because of age or
12 blindness shall be allowed an increase in the Nebraska standard
13 deduction for each additional amount allowed on the federal return.
14 The additional amounts shall be for married taxpayers, nine hundred
15 fifty dollars, and for single or head of household taxpayers, one
16 thousand one hundred fifty dollars.

17 (b) For tax years beginning or deemed to begin on or
18 after January 1, 2007, under the Internal Revenue Code of 1986,
19 as amended, every individual who did not itemize deductions on his
20 or her federal return shall be allowed to subtract from federal
21 adjusted gross income a standard deduction based on the filing
22 status used on the federal return. The standard deduction shall
23 be the smaller of the federal standard deduction actually allowed
24 or (i) for single taxpayers three thousand dollars and (ii) for
25 head of household taxpayers four thousand four hundred dollars.
26 The standard deduction for married filing jointly taxpayers will be
27 double the standard deduction for single, and for married filing

1 separately taxpayers the standard deduction shall be the same
2 as single. Taxpayers who are allowed additional federal standard
3 deduction amounts because of age or blindness shall be allowed an
4 increase in the Nebraska standard deduction for each additional
5 amount allowed on the federal return. The additional amounts shall
6 be for married taxpayers six hundred dollars and for single or head
7 of household taxpayers seven hundred fifty dollars. The amounts in
8 this subdivision will be indexed using 1987 as the base year.

9 (c) For tax years beginning or deemed to begin on or
10 after January 1, 2004, 2007, the standard deduction amounts,
11 including the additional standard deduction amounts, in ~~subdivision~~
12 ~~(2)(b) of this section~~ this subsection shall be adjusted for
13 inflation by the method provided in section 151 of the Internal
14 Revenue Code of 1986, as amended. If any amount is not a multiple
15 of ~~ten~~ fifty dollars, the amount shall be rounded to the next
16 ~~highest~~ lowest multiple of ~~ten~~ fifty dollars. 7 ~~except that the~~
17 ~~standard deduction for the married filing separately taxpayers may~~
18 ~~be a multiple of five dollars.~~

19 (3) Every individual who itemized deductions on his or
20 her federal return shall be allowed to subtract from federal
21 adjusted gross income the greater of either the standard deduction
22 allowed in subsection (2) of this section or his or her federal
23 itemized deductions, except for the amount for state or local
24 income taxes included in federal itemized deductions before any
25 federal disallowance.

26 Sec. 20. Section 77-2717, Revised Statutes Cumulative
27 Supplement, 2006, is amended to read:

1 77-2717 (1)(a) The tax imposed on all resident estates
2 and trusts shall be a percentage of the federal taxable income
3 of such estates and trusts as modified in section 77-2716, plus
4 a percentage of the federal alternative minimum tax and the
5 federal tax on premature or lump-sum distributions from qualified
6 retirement plans. The additional taxes shall be recomputed by (i)
7 substituting Nebraska taxable income for federal taxable income,
8 (ii) calculating what the federal alternative minimum tax would
9 be on Nebraska taxable income and adjusting such calculations for
10 any items which are reflected differently in the determination of
11 federal taxable income, and (iii) applying Nebraska rates to the
12 result. The federal credit for prior year minimum tax, after the
13 recomputations required by the Nebraska Revenue Act of 1967, and
14 the credits provided in the Nebraska Advantage Microenterprise Tax
15 Credit Act, and the Nebraska Advantage Research and Development
16 Act, ~~and section 77-27,222~~ shall be allowed as a reduction in the
17 income tax due. A refundable income tax credit shall be allowed
18 for all resident estates and trusts under the Nebraska Advantage
19 Microenterprise Tax Credit Act and the Nebraska Advantage Research
20 and Development Act.

21 (b) The tax imposed on all nonresident estates and trusts
22 shall be the portion of the tax imposed on resident estates and
23 trusts which is attributable to the income derived from sources
24 within this state. The tax which is attributable to income derived
25 from sources within this state shall be determined by multiplying
26 the liability to this state for a resident estate or trust with
27 the same total income by a fraction, the numerator of which is

1 the nonresident estate's or trust's Nebraska income as determined
2 by sections 77-2724 and 77-2725 and the denominator of which is
3 its total federal income after first adjusting each by the amounts
4 provided in section 77-2716. The federal credit for prior year
5 minimum tax, after the recomputations required by the Nebraska
6 Revenue Act of 1967, reduced by the percentage of the total income
7 which is attributable to income from sources outside this state,
8 and the credits provided in the Nebraska Advantage Microenterprise
9 Tax Credit Act, and the Nebraska Advantage Research and Development
10 Act, ~~and section 77-27,222~~ shall be allowed as a reduction in the
11 income tax due. A refundable income tax credit shall be allowed
12 for all nonresident estates and trusts under the Nebraska Advantage
13 Microenterprise Tax Credit Act and the Nebraska Advantage Research
14 and Development Act.

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

1 (3) The beneficiaries of such estate or trust who are
2 residents of this state shall include in their income their
3 proportionate share of such estate's or trust's federal income and
4 shall reduce their Nebraska tax liability by their proportionate
5 share of the credits as provided in the Nebraska Advantage
6 Microenterprise Tax Credit Act, and the Nebraska Advantage Research
7 and Development Act, and ~~section 77-27,222~~. There shall be
8 allowed to a beneficiary a refundable income tax credit under the
9 Beginning Farmer Tax Credit Act for all taxable years beginning or
10 deemed to begin on or after January 1, 2001, under the Internal
11 Revenue Code of 1986, as amended.

12 (4) If any beneficiary of such estate or trust is a
13 nonresident during any part of the estate's or trust's taxable
14 year, he or she shall file a Nebraska income tax return which shall
15 include (a) in Nebraska adjusted gross income that portion of the
16 estate's or trust's Nebraska income, as determined under sections
17 77-2724 and 77-2725, allocable to his or her interest in the estate
18 or trust and (b) a reduction of the Nebraska tax liability by
19 his or her proportionate share of the credits as provided in the
20 Nebraska Advantage Microenterprise Tax Credit Act, and the Nebraska
21 Advantage Research and Development Act, and ~~section 77-27,222~~ and
22 shall execute and forward to the fiduciary, on or before the
23 original due date of the Nebraska fiduciary return, an agreement
24 which states that he or she will file a Nebraska income tax return
25 and pay income tax on all income derived from or connected with
26 sources in this state, and such agreement shall be attached to the
27 Nebraska fiduciary return for such taxable year.

1 (5) In the absence of the nonresident beneficiary's
2 executed agreement being attached to the Nebraska fiduciary return,
3 the estate or trust shall remit a portion of such beneficiary's
4 income which was derived from or attributable to Nebraska sources
5 with its Nebraska return for the taxable year. The amount of
6 remittance, in such instance, shall be the highest individual
7 income tax rate determined under section 77-2715.02 multiplied by
8 the nonresident beneficiary's share of the estate or trust income
9 which was derived from or attributable to sources within this
10 state. The amount remitted shall be allowed as a credit against the
11 Nebraska income tax liability of the beneficiary.

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

22 (7) For purposes of this section, unless the context
23 otherwise requires, simple trust shall mean any trust instrument
24 which (a) requires that all income shall be distributed currently
25 to the beneficiaries, (b) does not allow amounts to be paid,
26 permanently set aside, or used in the tax year for charitable
27 purposes, and (c) does not distribute amounts allocated in the

1 corpus of the trust. Any trust which does not qualify as a simple
2 trust shall be deemed a complex trust.

3 Sec. 21. Section 77-2734.03, Revised Statutes Cumulative
4 Supplement, 2006, is amended to read:

5 77-2734.03 (1)(a) For taxable years commencing prior to
6 January 1, 1997, any (i) insurer paying a tax on premiums and
7 assessments pursuant to section 77-908 or 81-523, (ii) electric
8 cooperative organized under the Joint Public Power Authority Act,
9 or (iii) credit union shall be credited, in the computation of
10 the tax due under the Nebraska Revenue Act of 1967, with the
11 amount paid during the taxable year as taxes on such premiums and
12 assessments and taxes in lieu of intangible tax.

13 (b) For taxable years commencing on or after January 1,
14 1997, any insurer paying a tax on premiums and assessments pursuant
15 to section 77-908 or 81-523, any electric cooperative organized
16 under the Joint Public Power Authority Act, or any credit union
17 shall be credited, in the computation of the tax due under the
18 Nebraska Revenue Act of 1967, with the amount paid during the
19 taxable year as (i) taxes on such premiums and assessments included
20 as Nebraska premiums and assessments under section 77-2734.05 and
21 (ii) taxes in lieu of intangible tax.

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

1 retaliatory tax liability pursuant to section 44-4233.

2 (2) There shall be allowed to corporate taxpayers a
3 tax credit for contributions to community betterment programs as
4 provided in the Community Development Assistance Act.

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

10 ~~(4) There shall be allowed to corporate taxpayers a tax~~
11 ~~credit as provided in section 77-27,222.~~

12 ~~(5)~~ (4) The changes made to this section by Laws 2004,
13 LB 983, apply to motor fuels purchased during any tax year ending
14 or deemed to end on or after January 1, 2005, under the Internal
15 Revenue Code of 1986, as amended.

16 ~~(6)~~ (5) There shall be allowed to corporate taxpayers
17 refundable income tax credits under the Nebraska Advantage
18 Microenterprise Tax Credit Act and the Nebraska Advantage Research
19 and Development Act.

20 Sec. 22. Section 77-27,235, Revised Statutes Cumulative
21 Supplement, 2006, is amended to read:

22 77-27,235 (1) Any producer of electricity generated by
23 a new zero-emission facility shall earn a renewable energy tax
24 credit. For electricity generated on or after July 14, 2006, and
25 before ~~January 1, 2010,~~ October 1, 2007, the credit shall be
26 .075 cent for each kilowatt-hour of electricity generated by a
27 new zero-emission facility. For electricity generated on or after

1 October 1, 2007, and before January 1, 2010, the credit shall
2 be .1 cent for each kilowatt-hour of electricity generated by a
3 new zero-emission facility. For electricity generated on or after
4 January 1, 2010, and before January 1, 2013, the credit shall be
5 ~~.05~~ .075 cent per kilowatt-hour for electricity generated by a
6 new zero-emission facility. For electricity generated on or after
7 January 1, 2013, and before January 1, 2018, the credit shall be
8 ~~.025~~ .05 cent per kilowatt-hour for electricity generated by a new
9 zero-emission facility. The credit may be earned for production
10 of electricity for ten years after the date that the facility is
11 placed in operation on or after July 14, 2006.

12 (2) For purposes of this section:

13 (a) Electricity generated by a new zero-emission
14 facility means electricity that is exclusively produced by a new
15 zero-emission facility;

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

19 (c) New zero-emission facility means an electrical
20 generating facility located in this state that is first placed into
21 service on or after July 14, 2006, ~~with a rated production of one~~
22 ~~megawatt or greater~~ which utilizes eligible renewable resources
23 as its fuel source and for which the operation of the facility
24 results in no pollution or emissions that are or may be harmful
25 to the environment as certified by the Department of Environmental
26 Quality.

27 (3) The credit allowed under this section may be used to

1 reduce the producer's Nebraska income tax liability or to obtain
2 a refund of state sales and use taxes paid by the producer of
3 electricity generated by a zero-emission facility. A claim to use
4 the credit for refund of the state sales and use taxes paid, either
5 directly or indirectly, by the producer may be filed quarterly for
6 electricity generated during the previous quarter by the twentieth
7 day of the month following the end of the calendar quarter. The
8 credit may be used to obtain a refund of state sales and use taxes
9 paid during the quarter immediately preceding the quarter in which
10 the claim for refund is made, except that the amount refunded under
11 this subsection shall not exceed the amount of the state sales and
12 use taxes paid during the quarter.

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

16 (5) The Environmental Quality Council may adopt and
17 promulgate rules and regulations to certify that the operation of
18 a new zero-emission facility results in no pollution or emissions
19 that are or may be harmful to the environment.

20 (6) The total amount of renewable energy tax credits
21 that may be used by all taxpayers shall be limited to ~~four~~ seven
22 hundred fifty thousand dollars without further authorization from
23 the Legislature.

24 (7) The credit allowed under this section may not be
25 claimed by a producer who received a sales tax exemption under
26 section 9 of this act.

27 Sec. 23. Section 77-3442, Revised Statutes Cumulative

1 Supplement, 2006, is amended to read:

2 77-3442 (1) Property tax levies for the support of local
3 governments for fiscal years beginning on or after July 1, 1998,
4 shall be limited to the amounts set forth in this section except as
5 provided in section 77-3444.

6 (2) (a) Except as provided in subdivision (2) (d) of this
7 section, school districts and multiple-district school systems,
8 except learning communities and school districts that are members
9 of learning communities, may levy a maximum levy of one dollar and
10 five cents per one hundred dollars of taxable valuation of property
11 subject to the levy for fiscal year 2007-08 and one dollar for one
12 hundred dollars of taxable valuation of property subject to the
13 levy for fiscal year 2008-09 and all subsequent fiscal years.

14 (b) Except as provided in subdivision (2) (d) of this
15 section, for fiscal year 2008-09 and each fiscal year thereafter,
16 (i) learning communities may levy a maximum levy for the general
17 fund budgets of member school districts equal to the ratio of the
18 aggregate difference of one hundred ten percent of the formula
19 needs as calculated pursuant to section 79-1007.02 minus the amount
20 of state aid certified pursuant to section 79-1022 and minus the
21 other actual receipts included in local system formula resources
22 pursuant to section 79-1018.01 for each member school district
23 for such school fiscal year divided by each one hundred dollars
24 of taxable property subject to the levy, except that such levy
25 shall not exceed ~~one dollar~~ and ~~two~~ ninety-seven cents on each
26 one hundred dollars of taxable property subject to the levy, and
27 (ii) school districts that are members of learning communities

1 may levy a maximum levy of the difference of ~~one dollar and two~~
2 ninety-seven cents on each one hundred dollars of taxable property
3 subject to the levy minus the learning community levy pursuant to
4 this subdivision for purposes of such school district's general
5 fund budget and special building funds.

6 (c) Excluded from the limitations in subdivisions (a) and
7 (b) of this subsection are amounts levied to pay for sums agreed to
8 be paid by a school district to certificated employees in exchange
9 for a voluntary termination of employment and amounts levied
10 to pay for special building funds and sinking funds established
11 for projects commenced prior to April 1, 1996, for construction,
12 expansion, or alteration of school district buildings. For purposes
13 of this subsection, commenced means any action taken by the school
14 board on the record which commits the board to expend district
15 funds in planning, constructing, or carrying out the project.

16 (d) Federal aid school districts may exceed the maximum
17 levy prescribed by subdivision (2)(a) or (b) of this section
18 only to the extent necessary to qualify to receive federal aid
19 pursuant to Title VIII of Public Law 103-382, as such title existed
20 on September 1, 2001. For purposes of this subdivision, federal
21 aid school district means any school district which receives ten
22 percent or more of the revenue for its general fund budget from
23 federal government sources pursuant to Title VIII of Public Law
24 103-382, as such title existed on September 1, 2001.

25 (e) For school fiscal year 2002-03 through school fiscal
26 year 2007-08, school districts and multiple-district school systems
27 may, upon a three-fourths majority vote of the school board of

1 the school district, the board of the unified system, or the
2 school board of the high school district of the multiple-district
3 school system that is not a unified system, exceed the maximum
4 levy prescribed by subdivision (2)(a) of this section in an amount
5 equal to the net difference between the amount of state aid that
6 would have been provided under the Tax Equity and Educational
7 Opportunities Support Act without the temporary aid adjustment
8 factor as defined in section 79-1003 for the ensuing school fiscal
9 year for the school district or multiple-district school system
10 and the amount provided with the temporary aid adjustment factor.
11 The State Department of Education shall certify to the school
12 districts and multiple-district school systems the amount by which
13 the maximum levy may be exceeded for the next school fiscal year
14 pursuant to this subdivision (e) of this subsection on or before
15 February 15 for school fiscal years 2004-05 through 2007-08.

16 (f) For fiscal year 2008-09 and each fiscal year
17 thereafter, learning communities may levy a maximum levy of two
18 cents on each one hundred dollars of taxable property subject to
19 the levy for special building funds for member school districts.

20 (g) For fiscal year 2008-09 and each fiscal year
21 thereafter, learning communities may levy a maximum levy of one
22 cent on each one hundred dollars of taxable property subject to the
23 levy for the learning community budget and for projects approved by
24 the learning community coordinating council.

25 (3) Community colleges may levy a maximum levy on each
26 one hundred dollars of taxable property subject to the levy of
27 seven cents, plus amounts allowed under subsection (7) of section

1 85-1536.01, except that any community college whose valuation per
2 reported aid equivalent student as defined in section 85-1503 was
3 less than eighty-two percent of the average valuation per statewide
4 reimbursable reported aid equivalent total as defined in section
5 85-1503 for all community colleges for fiscal year 1997-98 may levy
6 up to an additional one-half cent for each of fiscal years 2005-06
7 and 2006-07 upon a three-fourths majority vote of the board.

8 (4) Natural resources districts may levy a maximum levy
9 of four and one-half cents per one hundred dollars of taxable
10 valuation of property subject to the levy. Natural resources
11 districts shall also have the power and authority to levy a
12 tax equal to the dollar amount by which their restricted funds
13 budgeted to administer and implement ground water management
14 activities and integrated management activities under the Nebraska
15 Ground Water Management and Protection Act exceed their restricted
16 funds budgeted to administer and implement ground water management
17 activities and integrated management activities for FY2003-04,
18 not to exceed one cent on each one hundred dollars of taxable
19 valuation annually on all of the taxable property within the
20 district. In addition, natural resources districts located in a
21 river basin, subbasin, or reach that has been determined to be
22 fully appropriated pursuant to section 46-714 or designated as
23 overappropriated pursuant to section 46-713 by the Department of
24 Natural Resources shall also have the power and authority to
25 levy a tax equal to the dollar amount by which their restricted
26 funds budgeted to administer and implement ground water management
27 activities and integrated management activities under the Nebraska

1 Ground Water Management and Protection Act exceed their restricted
2 funds budgeted to administer and implement ground water management
3 activities and integrated management activities for FY2005-06, not
4 to exceed three cents on each one hundred dollars of taxable
5 valuation on all of the taxable property within the district for
6 fiscal year 2006-07 and not to exceed two cents on each one
7 hundred dollars of taxable valuation annually on all of the taxable
8 property within the district for fiscal years 2007-08 and 2008-09.

9 (5) Educational service units may levy a maximum levy of
10 one and one-half cents per one hundred dollars of taxable valuation
11 of property subject to the levy.

12 (6) (a) Incorporated cities and villages which are not
13 within the boundaries of a municipal county may levy a maximum levy
14 of forty-five cents per one hundred dollars of taxable valuation
15 of property subject to the levy plus an additional five cents per
16 one hundred dollars of taxable valuation to provide financing for
17 the municipality's share of revenue required under an agreement
18 or agreements executed pursuant to the Interlocal Cooperation Act
19 or the Joint Public Agency Act. The maximum levy shall include
20 amounts levied to pay for sums to support a library pursuant
21 to section 51-201, museum pursuant to section 51-501, visiting
22 community nurse, home health nurse, or home health agency pursuant
23 to section 71-1637, or statue, memorial, or monument pursuant to
24 section 80-202.

25 (b) Incorporated cities and villages which are within the
26 boundaries of a municipal county may levy a maximum levy of ninety
27 cents per one hundred dollars of taxable valuation of property

1 subject to the levy. The maximum levy shall include amounts paid
2 to a municipal county for county services, amounts levied to pay
3 for sums to support a library pursuant to section 51-201, a museum
4 pursuant to section 51-501, a visiting community nurse, home health
5 nurse, or home health agency pursuant to section 71-1637, or a
6 statue, memorial, or monument pursuant to section 80-202.

7 (7) Sanitary and improvement districts which have been in
8 existence for more than five years may levy a maximum levy of forty
9 cents per one hundred dollars of taxable valuation of property
10 subject to the levy, and sanitary and improvement districts which
11 have been in existence for five years or less shall not have
12 a maximum levy. Unconsolidated sanitary and improvement districts
13 which have been in existence for more than five years and are
14 located in a municipal county may levy a maximum of eighty-five
15 cents per hundred dollars of taxable valuation of property subject
16 to the levy.

17 (8) Counties may levy or authorize a maximum levy of
18 fifty cents per one hundred dollars of taxable valuation of
19 property subject to the levy, except that five cents per one
20 hundred dollars of taxable valuation of property subject to the
21 levy may only be levied to provide financing for the county's
22 share of revenue required under an agreement or agreements executed
23 pursuant to the Interlocal Cooperation Act or the Joint Public
24 Agency Act. The maximum levy shall include amounts levied to pay
25 for sums to support a library pursuant to section 51-201 or museum
26 pursuant to section 51-501. The county may allocate up to fifteen
27 cents of its authority to other political subdivisions subject

1 to allocation of property tax authority under subsection (1) of
2 section 77-3443 and not specifically covered in this section to
3 levy taxes as authorized by law which do not collectively exceed
4 fifteen cents per one hundred dollars of taxable valuation on any
5 parcel or item of taxable property. The county may allocate to
6 one or more other political subdivisions subject to allocation
7 of property tax authority by the county under subsection (1) of
8 section 77-3443 some or all of the county's five cents per one
9 hundred dollars of valuation authorized for support of an agreement
10 or agreements to be levied by the political subdivision for the
11 purpose of supporting that political subdivision's share of revenue
12 required under an agreement or agreements executed pursuant to the
13 Interlocal Cooperation Act or the Joint Public Agency Act. If an
14 allocation by a county would cause another county to exceed its
15 levy authority under this section, the second county may exceed the
16 levy authority in order to levy the amount allocated.

17 (9) Municipal counties may levy or authorize a maximum
18 levy of one dollar per one hundred dollars of taxable valuation
19 of property subject to the levy. The municipal county may allocate
20 levy authority to any political subdivision or entity subject to
21 allocation under section 77-3443.

22 (10) Property tax levies for judgments, except judgments
23 or orders from the Commission of Industrial Relations, obtained
24 against a political subdivision which require or obligate a
25 political subdivision to pay such judgment, to the extent such
26 judgment is not paid by liability insurance coverage of a
27 political subdivision, for preexisting lease-purchase contracts

1 approved prior to July 1, 1998, for bonded indebtedness approved
2 according to law and secured by a levy on property, and for
3 payments by a public airport to retire interest-free loans from the
4 Department of Aeronautics in lieu of bonded indebtedness at a lower
5 cost to the public airport are not included in the levy limits
6 established by this section.

7 (11) The limitations on tax levies provided in this
8 section are to include all other general or special levies
9 provided by law. Notwithstanding other provisions of law, the
10 only exceptions to the limits in this section are those provided by
11 or authorized by sections 77-3442 to 77-3444.

12 (12) Tax levies in excess of the limitations in this
13 section shall be considered unauthorized levies under section
14 77-1606 unless approved under section 77-3444.

15 (13) For purposes of sections 77-3442 to 77-3444,
16 political subdivision means a political subdivision of this state
17 and a county agricultural society.

18 Sec. 24. Section 77-3806, Reissue Revised Statutes of
19 Nebraska, is amended to read:

20 77-3806 (1) The tax return shall be filed and the total
21 amount of the franchise tax shall be due on the fifteenth day of
22 the third month after the end of the taxable year. No extension
23 of time to pay the tax shall be granted. If the Tax Commissioner
24 determines that the amount of tax can be computed from available
25 information filed by the financial institutions with either state
26 or federal regulatory agencies, the Tax Commissioner may, by
27 regulation, waive the requirement for the financial institutions to

1 file returns.

2 (2) Sections 77-2714 to 77-27,135 relating to
3 deficiencies, penalties, interest, the collection of delinquent
4 amounts, and appeal procedures for the tax imposed by section
5 77-2734.02 shall also apply to the tax imposed by section 77-3802.
6 If the filing of a return is waived by the Tax Commissioner, the
7 payment of the tax shall be considered the filing of a return for
8 purposes of sections 77-2714 to 77-27,135.

9 (3) No refund of the tax imposed by section 77-3802 shall
10 be allowed unless a claim for such refund is filed within ninety
11 days of the date on which (a) the tax is due or was paid, whichever
12 is later, or (b) a change is made to the amount of deposits or
13 the net financial income of the financial institution by a state or
14 federal regulatory agency.

15 (4) Any such financial institution shall receive a credit
16 on the franchise tax as provided under the Community Development
17 Assistance Act, and section ~~77-27,222.~~

18 Sec. 25. Sections 5, 17, 18, 19, 20, 21, 24, 26, and 29
19 of this act become operative for taxable years beginning or deemed
20 to begin on or after January 1, 2007, under the Internal Revenue
21 Code of 1986, as amended. Sections 7, 8, 9, 10, 11, 12, 13, 14,
22 15, 16, 22, 28, and 30 of this act become operative on October 1,
23 2007. Sections 1, 2, 3, 4, 6, 23, 25, 27, and 31 of this act become
24 operative on their effective date.

25 Sec. 26. Original section 77-3806, Reissue Revised
26 Statutes of Nebraska, and sections 77-908, 77-2715.02, 77-2716.01,
27 77-2717, and 77-2734.03, Revised Statutes Cumulative Supplement,

1 2006, are repealed.

2 Sec. 27. Original section 77-2101, Reissue Revised
3 Statutes of Nebraska, and section 77-3442, Revised Statutes
4 Cumulative Supplement, 2006, are repealed.

5 Sec. 28. Original sections 77-2701, 77-2701.04,
6 77-2701.10, 77-2701.16, 77-2701.34, 77-2703, 77-2703.01,
7 77-2704.33, 77-2704.55, and 77-27,235, Revised Statutes Cumulative
8 Supplement, 2006, are repealed.

9 Sec. 29. The following section is outright repealed:
10 Section 77-27,222, Revised Statutes Cumulative Supplement, 2006.

11 Sec. 30. The following sections are outright repealed:
12 Section 77-2709.01, Reissue Revised Statutes of Nebraska, and
13 section 77-2701.45, Revised Statutes Cumulative Supplement, 2006.

14 Sec. 31. Since an emergency exists, this act takes effect
15 when passed and approved according to law.