

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
SECOND SESSION

**LEGISLATIVE BILL 776**

Introduced by Gloor, 35.

Read first time January 07, 2016

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections  
2 77-2704.24 and 77-2791, Reissue Revised Statutes of Nebraska,  
3 sections 77-2712.03, 77-2793, and 77-3508, Revised Statutes  
4 Cumulative Supplement, 2014, and section 77-2716, Revised Statutes  
5 Supplement, 2015; to change provisions relating to a sales tax  
6 exemption for food, the streamlined sales and use tax agreement,  
7 income tax adjustments, income tax overpayments, claims for credit  
8 or refund, and homestead exemptions; to provide operative dates; and  
9 to repeal the original sections.  
10 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-2704.24, Reissue Revised Statutes of Nebraska,  
2 is amended to read:

3 77-2704.24 (1) Sales and use taxes shall not be imposed on the gross  
4 receipts from the sale, lease, or rental of and the storage, use, or  
5 other consumption in this state of food or food ingredients except for  
6 prepared food and food sold through vending machines.

7 (2) For purposes of this section:

8 (a) Alcoholic beverages means beverages that are suitable for human  
9 consumption and contain one-half of one percent or more of alcohol by  
10 volume;

11 (b) Dietary supplement means any product, other than tobacco,  
12 intended to supplement the diet that contains one or more of the  
13 following dietary ingredients: (i) A vitamin, (ii) a mineral, (iii) an  
14 herb or other botanical, (iv) an amino acid, (v) a dietary substance for  
15 use by humans to supplement the diet by increasing the total dietary  
16 intake, or (vi) a concentrate, metabolite, constituent, extract, or  
17 combination of any ingredients described in subdivisions (2)(b)(i)  
18 through (v) of this section; that is intended for ingestion in tablet,  
19 capsule, powder, softgel, gelcap, or liquid form or, if not intended for  
20 ingestion in such a form, is not presented as conventional food and is  
21 not represented for use as a sole item of a meal or of the diet; and that  
22 is required to be labeled as a dietary supplement, identifiable by the  
23 supplemental facts box found on the label and as required pursuant to 21  
24 C.F.R. 101.36, as such regulation existed on January 1, 2003;

25 (c) Food and food ingredients means substances, whether in liquid,  
26 concentrated, solid, frozen, dried, or dehydrated form, that are sold for  
27 ingestion or chewing by humans and are consumed for their taste or  
28 nutritional value. Food and food ingredients does not include alcoholic  
29 beverages, dietary supplements, or tobacco;

30 (d) Food sold through vending machines means food that is dispensed  
31 from a machine or other mechanical device that accepts payment;

1 (e) Prepared food means:

2 (i) Food sold with eating utensils provided by the seller, including  
3 plates, knives, forks, spoons, glasses, cups, napkins, or straws. A plate  
4 does not include a container or packaging used to transport the food; or  
5 ~~and~~

6 (ii) Two or more food ingredients mixed or combined by the seller  
7 for sale as a single item and food sold in a heated state or heated by  
8 the seller, except:

9 (A) Food that is only cut, repackaged, or pasteurized by the seller;

10 (B) Eggs, fish, meat, poultry, and foods containing these raw animal  
11 foods requiring cooking by the consumer as recommended by the federal  
12 Food and Drug Administration in chapter 3, part 401.11 of its Food Code,  
13 as it existed on January 1, 2003, so as to prevent food borne illnesses;

14 (C) Food sold by a seller whose proper primary North American  
15 Industry Classification System classification is manufacturing in sector  
16 311, except subsector 3118, bakeries;

17 (D) Food sold in an unheated state by weight or volume as a single  
18 item; ~~and~~

19 (E) Bakery items, including bread, rolls, buns, biscuits, bagels,  
20 croissants, pastries, donuts, danish, cakes, tortes, pies, tarts,  
21 muffins, bars, cookies, and tortillas; and

22 (F) Food that ordinarily requires additional cooking to finish the  
23 product to its desired final condition; and

24 (f) Tobacco means cigarettes, cigars, chewing or pipe tobacco, or  
25 any other item that contains tobacco.

26 Sec. 2. Section 77-2712.03, Revised Statutes Cumulative Supplement,  
27 2014, is amended to read:

28 77-2712.03 (1) The streamlined sales and use tax agreement, as  
29 adopted by the streamlined sales tax implementing states on November 12,  
30 2002, including amendments through December 31, 2015 ~~2010~~, is hereby  
31 ratified by the Legislature. The Governor shall enter into the agreement

1 with one or more states to simplify and modernize sales and use tax  
2 administration in order to substantially reduce the burden of tax  
3 compliance for all sellers and for all types of commerce. In furtherance  
4 of the agreement, the Department of Revenue is authorized to act jointly  
5 with other states that are members under Articles VII or VIII of the  
6 agreement to establish standards for certification of a certified service  
7 provider and certified automated system and establish performance  
8 standards for multistate sellers. The department is further authorized to  
9 take other actions permissible under law reasonably required to implement  
10 the provisions set forth in the agreement. Other actions authorized by  
11 this section include, but are not limited to, the adoption and  
12 promulgation of rules and regulations and the joint procurement, with  
13 other member states, of goods and services in furtherance of the  
14 agreement.

15 (2) The Tax Commissioner or his or her designee and two  
16 representatives of the Legislature appointed by the Executive Board of  
17 the Legislative Council are authorized to represent Nebraska before the  
18 other member states under the agreement. The state also agrees to  
19 participate in and comply with the procedures of and decisions made by  
20 the governing board of the member states. These provisions of the  
21 agreement include the creation of the organization as provided in Article  
22 VII of the agreement, the requirements for state entry and withdrawal as  
23 provided in Article VIII of the agreement, amendments to the agreement as  
24 provided in Article IX of the agreement, and a dispute resolution process  
25 as provided in Article X of the agreement.

26 Sec. 3. Section 77-2716, Revised Statutes Supplement, 2015, is  
27 amended to read:

28 77-2716 (1) The following adjustments to federal adjusted gross  
29 income or, for corporations and fiduciaries, federal taxable income shall  
30 be made for interest or dividends received:

31 (a)(i) ~~(a)~~ There shall be subtracted interest or dividends received

1 by the owner of obligations of the United States and its territories and  
2 possessions or of any authority, commission, or instrumentality of the  
3 United States to the extent includable in gross income for federal income  
4 tax purposes but exempt from state income taxes under the laws of the  
5 United States; and

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

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

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

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

27 (e)(i) Any amount subtracted under this subsection shall be reduced  
28 by any interest on indebtedness incurred to carry the obligations or  
29 securities described in this subsection or the investment in the  
30 regulated investment company and by any expenses incurred in the  
31 production of interest or dividend income described in this subsection to

1 the extent that such expenses, including amortizable bond premiums, are  
2 deductible in determining federal taxable income.

3 (ii) Any amount added under this subsection shall be reduced by any  
4 expenses incurred in the production of such income to the extent  
5 disallowed in the computation of federal taxable income.

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

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

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

31 (5) There shall be subtracted from federal adjusted gross income or,

1 for corporations and fiduciaries, federal taxable income dividends  
2 received or deemed to be received from corporations which are not subject  
3 to the Internal Revenue Code.

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

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

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

18 (c) The result of the calculation in subdivision (b) of this  
19 subsection shall be subtracted from the amount of federal taxable income  
20 used in subdivision (a) of this subsection. The result of such  
21 calculation, if greater than zero, shall be subtracted from federal  
22 taxable income.

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

26 (8)(a) Federal adjusted gross income or, for corporations and  
27 fiduciaries, federal taxable income shall be reduced, to the extent  
28 included, by income from interest, earnings, and state contributions  
29 received from the Nebraska educational savings plan trust created in  
30 sections 85-1801 to 85-1814 and any account established under the  
31 achieving a better life experience program as provided in sections

1 77-1401 to 77-1409.

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

18 (c) Federal adjusted gross income or, for corporations and  
19 fiduciaries, federal taxable income shall be increased by the amount  
20 resulting from the cancellation of a participation agreement refunded to  
21 the taxpayer as a participant in the Nebraska educational savings plan  
22 trust to the extent previously deducted as a contribution to the trust or  
23 for any withdrawals by the owner of an account established under ~~in~~ the  
24 achieving a better life experience program as provided in sections  
25 77-1401 to 77-1409 for nonqualified expenses or to terminate such  
26 account ~~, if applicable.~~

27 (9)(a) For income tax returns filed after September 10, 2001, for  
28 taxable years beginning or deemed to begin before January 1, 2006, under  
29 the Internal Revenue Code of 1986, as amended, federal adjusted gross  
30 income or, for corporations and fiduciaries, federal taxable income shall  
31 be increased by eighty-five percent of any amount of any federal bonus



1 depreciation received under the federal Job Creation and Worker  
2 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,  
3 under section 168(k) or section 1400L of the Internal Revenue Code of  
4 1986, as amended, for assets placed in service after September 10, 2001,  
5 and before December 31, 2005.

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

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

17 (d) The amount of bonus depreciation added to federal adjusted gross  
18 income or, for corporations and fiduciaries, federal taxable income by  
19 this subsection shall be subtracted in a later taxable year. Twenty  
20 percent of the total amount of bonus depreciation added back by this  
21 subsection for tax years beginning or deemed to begin before January 1,  
22 2003, under the Internal Revenue Code of 1986, as amended, may be  
23 subtracted in the first taxable year beginning or deemed to begin on or  
24 after January 1, 2005, under the Internal Revenue Code of 1986, as  
25 amended, and twenty percent in each of the next four following taxable  
26 years. Twenty percent of the total amount of bonus depreciation added  
27 back by this subsection for tax years beginning or deemed to begin on or  
28 after January 1, 2003, may be subtracted in the first taxable year  
29 beginning or deemed to begin on or after January 1, 2006, under the  
30 Internal Revenue Code of 1986, as amended, and twenty percent in each of  
31 the next four following taxable years.

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

14           (11)(a) Federal adjusted gross income shall be reduced by  
15 contributions, up to two thousand dollars per married filing jointly  
16 return or one thousand dollars for any other return, and any investment  
17 earnings made as a participant in the Nebraska long-term care savings  
18 plan under the Long-Term Care Savings Plan Act, to the extent not  
19 deducted for federal income tax purposes.

20           (b) Federal adjusted gross income shall be increased by the  
21 withdrawals made as a participant in the Nebraska long-term care savings  
22 plan under the act by a person who is not a qualified individual or for  
23 any reason other than transfer of funds to a spouse, long-term care  
24 expenses, long-term care insurance premiums, or death of the participant,  
25 including withdrawals made by reason of cancellation of the participation  
26 agreement or termination of the plan, to the extent previously deducted  
27 as a contribution or as investment earnings.

28           (12) There shall be added to federal adjusted gross income for  
29 individuals, estates, and trusts any amount taken as a credit for  
30 franchise tax paid by a financial institution under sections 77-3801 to  
31 77-3807 as allowed by subsection (5) of section 77-2715.07.

1           (13) For taxable years beginning or deemed to begin on or after  
2 January 1, 2015, under the Internal Revenue Code of 1986, as amended,  
3 federal adjusted gross income shall be reduced by the amount received as  
4 benefits under the federal Social Security Act which are included in the  
5 federal adjusted gross income if:

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

8           (b) For taxpayers filing any other return, federal adjusted gross  
9 income is forty-three thousand dollars or less.

10          (14) For taxable years beginning or deemed to begin on or after  
11 January 1, 2015, under the Internal Revenue Code of 1986, as amended, an  
12 individual may make a one-time election within two calendar years after  
13 the date of his or her retirement from the military to exclude income  
14 received as a military retirement benefit by the individual to the extent  
15 included in federal adjusted gross income and as provided in this  
16 subsection. The individual may elect to exclude forty percent of his or  
17 her military retirement benefit income for seven consecutive taxable  
18 years beginning with the year in which the election is made or may elect  
19 to exclude fifteen percent of his or her military retirement benefit  
20 income for all taxable years beginning with the year in which he or she  
21 turns sixty-seven years of age. For purposes of this subsection, military  
22 retirement benefit means retirement benefits that are periodic payments  
23 attributable to service in the uniformed services of the United States  
24 for personal services performed by an individual prior to his or her  
25 retirement.

26          Sec. 4. Section 77-2791, Reissue Revised Statutes of Nebraska, is  
27 amended to read:

28          77-2791 (1) The Tax Commissioner, within the applicable period of  
29 limitations, may credit an overpayment of income tax and interest on such  
30 overpayment against any liability in respect of any tax imposed by the  
31 tax laws of this state on the person who made the overpayment, and the

1 balance shall be refunded by the State Treasurer out of the General Fund.

2 (2) If the amount allowable as a credit for income tax withheld from  
3 the taxpayer exceeds his or her tax to which the credit relates, the  
4 excess shall be considered an overpayment.

5 (3) A refundable income tax credit is considered an overpayment even  
6 if the taxpayer has no income tax liability prior to applying the  
7 refundable credit.

8 (~~4~~ 3) If there has been an overpayment of tax required to be  
9 deducted and withheld under section 77-2753, refund shall be made to the  
10 employer or the payor only to the extent that the amount of the  
11 overpayment was not deducted and withheld by the employer or the payor.

12 (~~5~~ 4) The Tax Commissioner may adopt and promulgate rules and  
13 regulations providing for the crediting against the estimated income tax  
14 for any taxable year of the amount determined to be an overpayment of the  
15 income tax for a preceding taxable year.

16 (~~6~~ 5) If any amount of income tax is assessed or collected after the  
17 expiration of the period of limitations properly applicable thereto, such  
18 amount shall be considered an overpayment.

19 Sec. 5. Section 77-2793, Revised Statutes Cumulative Supplement,  
20 2014, is amended to read:

21 77-2793 (1) A claim for credit or refund of an overpayment of any  
22 income tax imposed by the Nebraska Revenue Act of 1967 shall be filed by  
23 the taxpayer within three years from the time the return was filed or two  
24 years from the time the tax was paid, whichever of such periods expires  
25 later. If there was no return filed by the taxpayer, a A claim for credit  
26 or refund of a refundable credit shall be filed by the taxpayer within  
27 three years after the due date of the return for the year in which the  
28 refundable credit was allowable. No credit or refund shall be allowed or  
29 made after the expiration of the period of limitation prescribed in this  
30 subsection for the filing of a claim for credit or refund unless a claim  
31 for credit or refund is filed by the taxpayer within such period.

1           (2) If a claim for credit or refund of an overpayment ~~or for credit~~  
2 ~~or refund of a refundable credit~~ is filed by the taxpayer during the  
3 applicable three-year period prescribed in subsection (1) of this  
4 section, the amount of the credit or refund shall not exceed the portion  
5 of the tax paid or any refundable credit allowable within the three years  
6 immediately preceding the filing of the claim plus the period of any  
7 extension of time for filing the return if such return was filed prior to  
8 the end of the extension of time. If a claim for credit or refund of an  
9 overpayment is not filed within the three-year period prescribed in  
10 subsection (1) of this section, but is filed within the two-year period  
11 prescribed in subsection (1) of this section, the amount of the credit or  
12 refund shall not exceed the portion of the tax paid or any refundable  
13 credit allowable during the two years immediately preceding the filing of  
14 the claim. If no claim is filed, the credit or refund shall not exceed  
15 the amount which would be allowable under either of the preceding  
16 sentences, as the case may be, if a claim was filed on the date the  
17 credit or refund is allowed.

18           (3) If an agreement for an extension of the period for assessment of  
19 income taxes is made within the period prescribed in subsection (1) of  
20 this section for the filing of a claim for credit or refund, the period  
21 for filing claim for credit or for making credit or refund if no claim is  
22 filed shall not expire prior to six months after the expiration of the  
23 period within which an assessment may be made pursuant to the agreement  
24 or any extension thereof.

25           (4) If a taxpayer is required by subsection (1) of section 77-2775  
26 to report a change or correction in federal adjusted gross income,  
27 taxable income, or tax liability reported on his or her federal income  
28 tax return, or to report a change or correction which is treated in the  
29 same manner as if it were an overpayment for federal income tax purposes,  
30 or to file an amended return with the Tax Commissioner, a claim for  
31 credit or refund of any resulting overpayment of tax shall be filed by

1 the taxpayer within two years from the time the notice of such change or  
2 correction or such amended return was required to be filed with the Tax  
3 Commissioner. If the report or amended return is not filed within the  
4 sixty-day period specified in such subsection, interest on any resulting  
5 refund or credit shall cease to accrue after such sixtieth day. The  
6 amount of such credit or refund shall not exceed the amount of the  
7 reduction in tax attributable to such federal change, correction, or  
8 items amended on the taxpayer's amended federal income tax return. This  
9 subsection shall not affect the time within which or the amount for which  
10 a claim for credit or refund may be filed apart from this subsection.

11 (5)(a) If a taxpayer is required by subsection (2) of section  
12 77-2775 to report a change or correction in the amount of income taxable  
13 or tax credit allowable in one or more states and such changes or  
14 corrections when reflected in the return filed under the Nebraska Revenue  
15 Act of 1967 as most recently amended would result in an overpayment of  
16 tax, a claim for credit or refund shall be filed by the taxpayer within  
17 the earlier of (i) two years from the time the notice of such change or  
18 correction or such amended return was required to be filed with the Tax  
19 Commissioner or (ii) ten years from the due date of the return.

20 (b) If the report or amended return is not filed within the sixty-  
21 day period specified in such subsection, interest on any resulting refund  
22 or credit shall cease to accrue after such sixtieth day. The amount of  
23 such credit or refund shall not exceed the lesser of (i) the reduction in  
24 tax attributable to the change or correction in the amount of income  
25 taxable or the credit allowable in such other state in the return filed  
26 under the Nebraska Revenue Act of 1967 or (ii) the increase in tax  
27 actually paid to such other state or states.

28 (c) This subsection shall not affect the time within which or the  
29 amount for which a claim for credit or refund may be filed apart from  
30 this subsection. This subsection shall apply to changes or corrections  
31 which become final on or after May 1, 1993.

1 (6) If the claim for credit or refund relates to an overpayment  
2 attributable to a net operating loss carryback derived from or connected  
3 with Nebraska sources, the claim may be made under rules and regulations  
4 prescribed by the Tax Commissioner consistent, to the extent possible  
5 under the Nebraska Revenue Act of 1967, with the laws of the United  
6 States.

7 (7) For purposes of this section and section 77-2795, a timely filed  
8 petition for redetermination shall be considered a claim for credit or  
9 refund filed on the date the notice of deficiency determination was  
10 mailed.

11 Sec. 6. Section 77-3508, Revised Statutes Cumulative Supplement,  
12 2014, is amended to read:

13 77-3508 (1)(a) All homesteads in this state shall be assessed for  
14 taxation the same as other property, except that there shall be exempt  
15 from taxation, on any homestead described in subdivision (b) of this  
16 subsection, a percentage of the exempt amount as limited by section  
17 77-3506.03. The exemption shall be based on the household income of a  
18 claimant pursuant to subsections (2) through (4) of this section.

19 (b) The exemption described in subdivision (a) of this subsection  
20 shall apply to homesteads of:

21 (i) Veterans as defined in section 80-401.01 who were discharged or  
22 otherwise separated with a characterization of honorable or general  
23 (under honorable conditions) and who are totally disabled by a non-  
24 service-connected accident or illness;

25 (ii) Individuals who have a permanent physical disability and have  
26 lost all mobility so as to preclude locomotion without the ~~regular~~ use of  
27 a mechanical aid or prostheses;

28 (iii) Individuals who have undergone amputation of both arms above  
29 the elbow or who have a permanent partial disability of both arms in  
30 excess of seventy-five percent; and

31 (iv) Beginning January 1, 2015, individuals who have a developmental

1 disability as defined in section 83-1205.

2 (c) Application for the exemption described in subdivision (a) of  
3 this subsection shall include certification from a qualified medical  
4 physician, physician assistant, or advanced practice registered nurse for  
5 subdivisions (b)(i) through (b)(iii) of this subsection, certification  
6 from the United States Department of Veterans Affairs affirming that the  
7 homeowner is totally disabled due to non-service-connected accident or  
8 illness for subdivision (b)(i) of this subsection, or certification from  
9 the Department of Health and Human Services for subdivision (b)(iv) of  
10 this subsection. Such certification from a qualified medical physician,  
11 physician assistant, or advanced practice registered nurse or from the  
12 Department of Health and Human Services shall be made on forms prescribed  
13 by the Department of Revenue. If an individual described in subdivision  
14 (b)(ii), (iii), or (iv) of this subsection is granted a homestead  
15 exemption pursuant to this section for any year, such individual shall  
16 not be required to submit the certification required under this  
17 subdivision in succeeding years if no change in medical condition has  
18 occurred, except that the county assessor or the Tax Commissioner may  
19 request such certification to verify that no change in medical condition  
20 has occurred.

21 (2) For 2014, for a married or closely related claimant as described  
22 in subsection (1) of this section, the percentage of the exempt amount  
23 for which the claimant shall be eligible shall be the percentage in  
24 Column B which corresponds with the claimant's household income in Column  
25 A in the table found in this subsection.

26	Column A	Column B
27	Household Income	Percentage
28	In Dollars	Of Relief
29	0 through 34,700	100
30	34,701 through 36,400	90
31	36,401 through 38,100	80



1	38,101 through 39,800	70
2	39,801 through 41,500	60
3	41,501 through 43,200	50
4	43,201 through 44,900	40
5	44,901 through 46,600	30
6	46,601 through 48,300	20
7	48,301 through 50,000	10
8	50,001 and over	0

9 (3) For 2014, for a single claimant as described in subsection (1)  
 10 of this section, the percentage of the exempt amount for which the  
 11 claimant shall be eligible shall be the percentage in Column B which  
 12 corresponds with the claimant's household income in Column A in the table  
 13 found in this subsection.

14	Column A	Column B
15	Household Income	Percentage
16	In Dollars	Of Relief
17	0 through 30,300	100
18	30,301 through 31,700	90
19	31,701 through 33,100	80
20	33,101 through 34,500	70
21	34,501 through 35,900	60
22	35,901 through 37,300	50
23	37,301 through 38,700	40
24	38,701 through 40,100	30
25	40,101 through 41,500	20
26	41,501 through 42,900	10
27	42,901 and over	0

28 (4) For exemption applications filed in calendar year 2015 and each  
 29 year thereafter, the income eligibility amounts in subsections (2) and  
 30 (3) of this section shall be adjusted for inflation by the method

1 provided in section 151 of the Internal Revenue Code. The income  
2 eligibility amounts shall be adjusted for cumulative inflation since  
3 2014. If any amount is not a multiple of one hundred dollars, the amount  
4 shall be rounded to the next lower multiple of one hundred dollars.

5       Sec. 7. Sections 3, 4, 5, and 8 of this act become operative for  
6 all taxable years beginning or deemed to begin on or after January 1,  
7 2016, under the Internal Revenue Code of 1986, as amended. Sections 1 and  
8 10 of this act become operative on October 1, 2016. Sections 6 and 11 of  
9 this act become operative on January 1, 2017. The other sections of this  
10 act become operative on their effective date.

11       Sec. 8. Original section 77-2791, Reissue Revised Statutes of  
12 Nebraska, section 77-2793, Revised Statutes Cumulative Supplement, 2014,  
13 and section 77-2716, Revised Statutes Supplement, 2015, are repealed.

14       Sec. 9. Original section 77-2712.03, Revised Statutes Cumulative  
15 Supplement, 2014, is repealed.

16       Sec. 10. Original section 77-2704.24, Reissue Revised Statutes of  
17 Nebraska, is repealed.

18       Sec. 11. Original section 77-3508, Revised Statutes Cumulative  
19 Supplement, 2014, is repealed.