

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 947

Introduced by Smith, 14; at the request of the Governor.

Read first time January 10, 2018

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 77-4211 and 77-4602, Reissue Revised Statutes of Nebraska, sections
3 77-202, 77-693, 77-801, 77-1238, 77-1248, 77-2715.03, 77-2715.07,
4 77-2734.02, and 81-1201.21, Revised Statutes Cumulative Supplement,
5 2016, and section 77-4212, Revised Statutes Supplement, 2017; to
6 adopt the Nebraska Property Tax Cuts and Opportunities Act; to
7 eliminate exemptions under the Personal Property Tax Relief Act; to
8 change income tax rates; to eliminate credits under the Property Tax
9 Credit Act; to change provisions relating to certain General Fund
10 transfers; provide for certain transfers; to harmonize provisions;
11 to repeal the original sections; and to declare an emergency.
12 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 6 of this act shall be known and may be
2 cited as the Nebraska Property Tax Cuts and Opportunities Act.

3 Sec. 2. For purposes of the Nebraska Property Tax Cuts and
4 Opportunities Act:

5 (1) Agricultural land and horticultural land has the same meaning as
6 in section 77-1359;

7 (2) Department means the Department of Revenue;

8 (3) Farm site has the same meaning as in section 77-1359;

9 (4) Homestead has the same meaning as in section 77-3502; and

10 (5) Owner has the same meaning as in section 77-3503.

11 Sec. 3. (1) For taxable years beginning or deemed to begin on or
12 after January 1, 2018, each resident individual who is an owner of a
13 homestead shall be allowed a refundable credit against the income tax
14 imposed by the Nebraska Revenue Act of 1967 equal to a percentage of the
15 property taxes paid during the taxable year on such homestead, not to
16 exceed the limitation amount provided in subsection (2) of this section.
17 For taxable year 2018, the refundable credit shall be ten percent of the
18 property taxes paid during the taxable year. For taxable year 2019 and
19 each taxable year thereafter, the percentage may be increased as provided
20 in section 5 of this act, not to exceed thirty percent.

21 (2) For taxable year 2018, the limitation amount shall be equal to
22 two hundred thirty dollars per homestead. For taxable year 2019 and each
23 taxable year thereafter, the limitation amount may be increased as
24 provided in section 5 of this act, not to exceed seven hundred thirty
25 dollars. For individuals whose federal filing status is married filing
26 separately, or for multiple individuals owning and occupying the same
27 homestead, the limitation amount shall be allocated between the
28 individuals as provided in forms and instructions developed by the Tax
29 Commissioner.

30 (3) If the property taxes on a homestead are paid by a corporation
31 having an election in effect under subchapter S of the Internal Revenue

1 Code, a partnership, a limited liability company, a trust, or an estate,
2 the amount of property taxes paid during the taxable year shall be
3 allocated to the shareholders, partners, members, or beneficiaries in the
4 same proportion that income is distributed. The department shall provide
5 forms and schedules necessary for verifying eligibility for the credit
6 provided in this section and for allocating the property taxes paid.

7 Sec. 4. (1) For taxable years beginning or deemed to begin on or
8 after January 1, 2018, each resident individual shall be allowed a
9 refundable credit against the income tax imposed by the Nebraska Revenue
10 Act of 1967 equal to a percentage of the property taxes paid during the
11 taxable year on agricultural land and horticultural land, farm sites, and
12 improvements on farm sites that are agricultural or horticultural in
13 nature. For taxable year 2018, the refundable credit shall be ten percent
14 of the property taxes paid during the taxable year. For taxable year 2019
15 and each taxable year thereafter, the percentage may be increased as
16 provided in section 5 of this act, not to exceed thirty percent.

17 (2) If the property taxes on agricultural land and horticultural
18 land, farm sites, and improvements on farm sites are paid by a
19 corporation having an election in effect under subchapter S of the
20 Internal Revenue Code, a partnership, a limited liability company, a
21 trust, or an estate, the amount of property taxes paid during the taxable
22 year shall be allocated to the shareholders, partners, members, or
23 beneficiaries in the same proportion that income is distributed. The
24 department shall provide forms and schedules necessary for verifying
25 eligibility for the credit provided in this section and for allocating
26 the property taxes paid.

27 Sec. 5. (1) For taxable year 2019 and each taxable year thereafter,
28 if the actual General Fund net receipts for the fiscal year ending during
29 the taxable year, as reported in the public statement of the Tax
30 Commissioner required in subsection (2) of section 77-4602, are at least
31 one hundred one percent of the certified estimated receipts for such

1 fiscal year:

2 (a) The percentage used to determine the refundable income tax
3 credit for a homestead under subsection (1) of section 3 of this act for
4 the current taxable year shall be the percentage from the prior taxable
5 year increased by two percentage points, not to exceed thirty percent;

6 (b) The limitation amount used to determine the maximum refundable
7 income tax credit for a homestead under subsection (2) of section 3 of
8 this act for the current taxable year shall be the limitation amount from
9 the prior taxable year increased by fifty dollars, not to exceed seven
10 hundred thirty dollars; and

11 (c) The percentage used to determine the refundable income tax
12 credit for agricultural land and horticultural land, farm sites, and
13 agricultural or horticultural improvements under subsection (1) of
14 section 4 of this act for the current taxable year shall be the
15 percentage from the prior taxable year increased by two percentage
16 points, not to exceed thirty percent.

17 (2) The Tax Commissioner shall immediately certify the increased
18 percentages and the increased limitation amount to the Director of
19 Administrative Services and the Legislature and shall modify the
20 individual income tax forms and instructions accordingly.

21 Sec. 6. The department may adopt and promulgate rules and
22 regulations to carry out the Nebraska Property Tax Cuts and Opportunities
23 Act.

24 Sec. 7. Section 77-202, Revised Statutes Cumulative Supplement,
25 2016, is amended to read:

26 77-202 (1) The following property shall be exempt from property
27 taxes:

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

31 (i) Property of the state and its governmental subdivisions means

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

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

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

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

21 (d) Property owned by educational, religious, charitable, or
22 cemetery organizations, or any organization for the exclusive benefit of
23 any such educational, religious, charitable, or cemetery organization,
24 and used exclusively for educational, religious, charitable, or cemetery
25 purposes, when such property is not (i) owned or used for financial gain
26 or profit to either the owner or user, (ii) used for the sale of
27 alcoholic liquors for more than twenty hours per week, or (iii) owned or
28 used by an organization which discriminates in membership or employment
29 based on race, color, or national origin. For purposes of this
30 subdivision, educational organization means (A) an institution operated
31 exclusively for the purpose of offering regular courses with systematic

1 instruction in academic, vocational, or technical subjects or assisting
2 students through services relating to the origination, processing, or
3 guarantying of federally reinsured student loans for higher education or
4 (B) a museum or historical society operated exclusively for the benefit
5 and education of the public. For purposes of this subdivision, charitable
6 organization includes an organization operated exclusively for the
7 purpose of the mental, social, or physical benefit of the public or an
8 indefinite number of persons and a fraternal benefit society organized
9 and licensed under sections 44-1072 to 44-10,109; and

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

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

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

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

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

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

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

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

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

22 (10) Any tangible personal property that is acquired by a person
23 operating a data center located in this state, that is assembled,
24 engineered, processed, fabricated, manufactured into, attached to, or
25 incorporated into other tangible personal property, both in component
26 form or that of an assembled product, for the purpose of subsequent use
27 at a physical location outside this state by the person operating a data
28 center shall be exempt from the personal property tax. Such exemption
29 extends to keeping, retaining, or exercising any right or power over
30 tangible personal property in this state for the purpose of subsequently
31 transporting it outside this state for use thereafter outside this state.

1 For purposes of this subsection, data center means computers, supporting
2 equipment, and other organized assembly of hardware or software that are
3 designed to centralize the storage, management, or dissemination of data
4 and information, environmentally controlled structures or facilities or
5 interrelated structures or facilities that provide the infrastructure for
6 housing the equipment, such as raised flooring, electricity supply,
7 communication and data lines, Internet access, cooling, security, and
8 fire suppression, and any building housing the foregoing.

9 (11) For each person who owns property required to be reported to
10 the county assessor under section 77-1201, there shall be allowed, for
11 tax years prior to tax year 2019, an exemption amount as provided in the
12 Personal Property Tax Relief Act. For each person who owns property
13 required to be valued by the state as provided in section 77-601, 77-682,
14 77-801, or 77-1248, there shall be allowed, for tax years prior to tax
15 year 2019, a compensating exemption factor as provided in the Personal
16 Property Tax Relief Act.

17 Sec. 8. Section 77-693, Revised Statutes Cumulative Supplement,
18 2016, is amended to read:

19 77-693 (1) The Property Tax Administrator in determining the taxable
20 value of railroads and car lines shall determine the following ratios
21 involving railroad and car line property and commercial and industrial
22 property:

23 (a) The ratio of the taxable value of all commercial and industrial
24 personal property in the state actually subjected to property tax divided
25 by the market value of all commercial and industrial personal property in
26 the state;

27 (b) The ratio of the taxable value of all commercial and industrial
28 real property in the state actually subjected to property tax divided by
29 the market value of all commercial and industrial real property in the
30 state;

31 (c) The ratio of the taxable value of railroad personal property to

1 the market value of railroad personal property. The numerator of the
2 ratio shall be the taxable value of railroad personal property. The
3 denominator of the ratio shall be the railroad system value allocated to
4 Nebraska and multiplied by a factor representing the net book value of
5 rail transportation personal property divided by the net book value of
6 total rail transportation property;

7 (d) The ratio of the taxable value of railroad real property to the
8 market value of railroad real property. The numerator of the ratio shall
9 be the taxable value of railroad real property. The denominator of the
10 ratio shall be the railroad system value allocated to Nebraska and
11 multiplied by a factor representing the net book value of rail
12 transportation real property divided by the net book value of total rail
13 transportation property; and

14 (e) Similar calculations shall be made for car line taxable
15 properties.

16 (2) If the ratio of the taxable value of railroad and car line
17 personal or real property exceeds the ratio of the comparable taxable
18 commercial and industrial property by more than five percent, the
19 Property Tax Administrator may adjust the value of such railroad and car
20 line property to the percentage of the comparable taxable commercial and
21 industrial property pursuant to federal statute or Nebraska federal court
22 decisions applicable thereto.

23 (3) For purposes of this section, commercial and industrial property
24 shall mean all real and personal property which is devoted to commercial
25 or industrial use other than rail transportation property and land used
26 primarily for agricultural purposes.

27 (4) After the adjustment made pursuant to subsections (1) and (2) of
28 this section, the Property Tax Administrator shall, for tax years prior
29 to tax year 2019, multiply the value of the tangible personal property of
30 each railroad and car line by the compensating exemption factor
31 calculated in section 77-1238.

1 Sec. 9. Section 77-801, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 77-801 (1) All public service entities shall, on or before April 15
4 of each year, furnish a statement specifying such information as may be
5 required by the Property Tax Administrator on forms prescribed by the Tax
6 Commissioner to determine and distribute the entity's total taxable value
7 including the franchise value. All information reported by the public
8 service entities, not available from any other public source, and any
9 memorandum thereof shall be confidential and available to taxing
10 officials only. For good cause shown, the Property Tax Administrator may
11 allow an extension of time in which to file such statement. Such
12 extension shall not exceed fifteen days after April 15.

13 (2) The returns of public service entities shall not be held to be
14 conclusive as to the taxable value of the property, but the Property Tax
15 Administrator shall, from all the information which he or she is able to
16 obtain, find the taxable value of all such property, including tangible
17 property and franchises, and shall assess such property on the same basis
18 as other property is required to be assessed.

19 (3) The county assessor shall assess all nonoperating property of
20 any public service entity. A public service entity operating within the
21 State of Nebraska shall, on or before January 1 of each year, report to
22 the county assessor of each county in which it has situs all nonoperating
23 property belonging to such entity which is not subject to assessment and
24 assessed by the Property Tax Administrator under section 77-802.

25 (4) The Property Tax Administrator shall, for tax years prior to tax
26 year 2019, multiply the value of the tangible personal property of each
27 public service entity by the compensating exemption factor calculated in
28 section 77-1238.

29 Sec. 10. Section 77-1238, Revised Statutes Cumulative Supplement,
30 2016, is amended to read:

31 77-1238 (1) For tax years prior to tax year 2019, every Every person

1 who is required to list his or her taxable tangible personal property as
2 defined in section 77-105, as required under section 77-1229, shall
3 receive an exemption from taxation for the first ten thousand dollars of
4 valuation of his or her tangible personal property in each tax district
5 as defined in section 77-127 in which a personal property return is
6 required to be filed. Failure to report tangible personal property on the
7 personal property return required by section 77-1229 shall result in a
8 forfeiture of the exemption for any tangible personal property not timely
9 reported for that year.

10 (2) For tax years prior to tax year 2019, the The Property Tax
11 Administrator shall reduce the value of the tangible personal property
12 owned by each railroad, car line company, public service entity, and air
13 carrier by a compensating exemption factor to reflect the exemption
14 allowed in subsection (1) of this section for all other personal property
15 taxpayers. The compensating exemption factor is calculated by multiplying
16 the value of the tangible personal property of the railroad, car line
17 company, public service entity, or air carrier by a fraction, the
18 numerator of which is the total amount of locally assessed tangible
19 personal property that is actually subjected to property tax after the
20 exemption allowed in subsection (1) of this section, and the denominator
21 of which is the net book value of locally assessed tangible personal
22 property prior to the exemptions allowed in subsection (1) of this
23 section.

24 Sec. 11. Section 77-1248, Revised Statutes Cumulative Supplement,
25 2016, is amended to read:

26 77-1248 (1) The Property Tax Administrator shall ascertain from the
27 reports made and from any other information obtained by him or her the
28 taxable value of the flight equipment of air carriers and the proportion
29 allocated to this state for the purposes of taxation as provided in
30 section 77-1245.

31 (2)(a) In determining the taxable value of the flight equipment of

1 air carriers pursuant to subsection (1) of this section, the Property Tax
2 Administrator shall determine the following ratios:

3 (i) The ratio of the taxable value of all commercial and industrial
4 depreciable tangible personal property in the state actually subjected to
5 property tax to the market value of all commercial and industrial
6 depreciable tangible personal property in the state; and

7 (ii) The ratio of the taxable value of flight equipment of air
8 carriers to the market value of flight equipment of air carriers.

9 (b) If the ratio of the taxable value of flight equipment of air
10 carriers exceeds the ratio of the taxable value of commercial and
11 industrial depreciable tangible personal property by more than five
12 percent, the Property Tax Administrator may adjust the value of such
13 flight equipment of air carriers to the percentage of the taxable
14 commercial and industrial depreciable tangible personal property pursuant
15 to federal law applicable to air carrier transportation property or
16 Nebraska federal court decisions applicable thereto.

17 (c) For purposes of this subsection, commercial and industrial
18 depreciable tangible personal property means all personal property which
19 is devoted to commercial or industrial use other than flight equipment of
20 air carriers.

21 (3) The Property Tax Administrator shall, for tax years prior to tax
22 year 2019, multiply the valuation of each air carrier by the compensating
23 exemption factor calculated in section 77-1238.

24 Sec. 12. Section 77-2715.03, Revised Statutes Cumulative Supplement,
25 2016, is amended to read:

26 77-2715.03 (1) For taxable years beginning or deemed to begin on or
27 after January 1, 2013, and before January 1, 2014, the following brackets
28 and rates are hereby established for the Nebraska individual income tax:

29 Individual Income Tax Brackets and Rates

30 Bracket	Single	Married,	Head of	Married,	Estates	Tax
31 Number	Individuals	Filing	Household	Filing	and	Rate

		Jointly	Separate	Trusts			
1							
2	1	\$0-2,399	\$0-4,799	\$0-4,499	\$0-2,399	\$0-499	2.46%
3	2	\$2,400-	\$4,800-	\$4,500-	\$2,400-	\$500-	
4		17,499	34,999	27,999	17,499	4,699	3.51%
5	3	\$17,500-	\$35,000-	\$28,000-	\$17,500-	\$4,700-	
6		26,999	53,999	39,999	26,999	15,149	5.01%
7	4	\$27,000	\$54,000	\$40,000	\$27,000	\$15,150	
8		and Over	and Over	and Over	and Over	and Over	6.84%

(2) For taxable years beginning or deemed to begin on or after January 1, 2014, and before January 1, 2019, the following brackets and rates are hereby established for the Nebraska individual income tax:

Individual Income Tax Brackets and Rates

Bracket	Single	Married,	Head of	Married,	Estates	Tax
Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
1	\$0-2,999	\$0-5,999	\$0-5,599	\$0-2,999	\$0-499	2.46%
2	\$3,000-	\$6,000-	\$5,600-	\$3,000-	\$500-	
	17,999	35,999	28,799	17,999	4,699	3.51%
3	\$18,000-	\$36,000-	\$28,800-	\$18,000-	\$4,700-	
	28,999	57,999	42,999	28,999	15,149	5.01%
4	\$29,000	\$58,000	\$43,000	\$29,000	\$15,150	
	and Over	and Over	and Over	and Over	and Over	6.84%

(3) For taxable years beginning or deemed to begin on or after January 1, 2019, and before January 1, 2020, the following brackets and rates are hereby established for the Nebraska individual income tax:

Individual Income Tax Brackets and Rates

Bracket	Single	Married,	Head of	Married,	Estates	Tax
Number	Individuals	Filing	Household	Filing	and	Rate
		Jointly		Separate	Trusts	
1	\$0-2,999	\$0-5,999	\$0-5,599	\$0-2,999	\$0-499	2.46%

1	<u>2</u>	<u>\$3,000-</u>	<u>\$6,000-</u>	<u>\$5,600-</u>	<u>\$3,000-</u>	<u>\$500-</u>	
2		<u>17,999</u>	<u>35,999</u>	<u>28,799</u>	<u>17,999</u>	<u>4,699</u>	<u>3.51%</u>
3	<u>3</u>	<u>\$18,000-</u>	<u>\$36,000-</u>	<u>\$28,800-</u>	<u>\$18,000-</u>	<u>\$4,700-</u>	
4		<u>28,999</u>	<u>57,999</u>	<u>42,999</u>	<u>28,999</u>	<u>15,149</u>	<u>5.01%</u>
5	<u>4</u>	<u>\$29,000</u>	<u>\$58,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	
6		<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>6.75%</u>

7 (4) For taxable years beginning or deemed to begin on or after
 8 January 1, 2020, the following brackets and rates are hereby established
 9 for the Nebraska individual income tax:

10 Individual Income Tax Brackets and Rates

11	<u>Bracket</u>	<u>Single</u>	<u>Married,</u>	<u>Head of</u>	<u>Married,</u>	<u>Estates</u>	<u>Tax</u>
12	<u>Number</u>	<u>Individuals</u>	<u>Filing</u>	<u>Household</u>	<u>Filing</u>	<u>and</u>	<u>Rate</u>
13			<u>Jointly</u>		<u>Separate</u>	<u>Trusts</u>	
14	<u>1</u>	<u>\$0-2,999</u>	<u>\$0-5,999</u>	<u>\$0-5,599</u>	<u>\$0-2,999</u>	<u>\$0-499</u>	<u>2.46%</u>
15	<u>2</u>	<u>\$3,000-</u>	<u>\$6,000-</u>	<u>\$5,600-</u>	<u>\$3,000-</u>	<u>\$500-</u>	
16		<u>17,999</u>	<u>35,999</u>	<u>28,799</u>	<u>17,999</u>	<u>4,699</u>	<u>3.51%</u>
17	<u>3</u>	<u>\$18,000-</u>	<u>\$36,000-</u>	<u>\$28,800-</u>	<u>\$18,000-</u>	<u>\$4,700-</u>	
18		<u>28,999</u>	<u>57,999</u>	<u>42,999</u>	<u>28,999</u>	<u>15,149</u>	<u>5.01%</u>
19	<u>4</u>	<u>\$29,000</u>	<u>\$58,000</u>	<u>\$43,000</u>	<u>\$29,000</u>	<u>\$15,150</u>	
20		<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>and Over</u>	<u>6.69%</u>

21 (5)(a) (3)(a) For taxable years beginning or deemed to begin on or
 22 after January 1, 2015, the minimum and maximum dollar amounts for each
 23 income tax bracket provided in subsections subsection (2) through (4) of
 24 this section shall be adjusted for inflation by the percentage determined
 25 under subdivision (5)(b) (3)(b) of this section. The rate applicable to
 26 any such income tax bracket shall not be changed as part of any
 27 adjustment under this subsection. The minimum and maximum dollar amounts
 28 for each income tax bracket as adjusted shall be rounded to the nearest
 29 ten-dollar amount. If the adjusted amount for any income tax bracket ends
 30 in a five, it shall be rounded up to the nearest ten-dollar amount.

1 (b) The Tax Commissioner shall adjust the income tax brackets by the
2 percentage determined pursuant to the provisions of section 1(f) of the
3 Internal Revenue Code of 1986, as amended, except that in section 1(f)(3)
4 (B) of the code the year 2013 shall be substituted for the year 1992. For
5 2015, the Tax Commissioner shall then determine the percent change from
6 the twelve months ending on August 31, 2013, to the twelve months ending
7 on August 31, 2014, and in each subsequent year, from the twelve months
8 ending on August 31, 2013, to the twelve months ending on August 31 of
9 the year preceding the taxable year. The Tax Commissioner shall prescribe
10 new tax rate schedules that apply in lieu of the schedules set forth in
11 subsections ~~subsection~~ (2) through (4) of this section.

12 (6) ~~(4)~~ Whenever the tax brackets or tax rates are changed by the
13 Legislature, the Tax Commissioner shall update the tax rate schedules to
14 reflect the new tax brackets or tax rates and shall publish such updated
15 schedules.

16 (7) ~~(5)~~ The Tax Commissioner shall prepare, from the rate schedules,
17 tax tables which can be used by a majority of the taxpayers to determine
18 their Nebraska tax liability. The design of the tax tables shall be
19 determined by the Tax Commissioner. The size of the tax table brackets
20 may change as the level of income changes. The difference in tax between
21 two tax table brackets shall not exceed fifteen dollars. The Tax
22 Commissioner may build the personal exemption credit and standard
23 deduction amounts into the tax tables.

24 (8) ~~(6)~~ For taxable years beginning or deemed to begin on or after
25 January 1, 2013, the tax rate applied to other federal taxes included in
26 the computation of the Nebraska individual income tax shall be 29.6
27 percent.

28 (9) ~~(7)~~ The Tax Commissioner may require by rule and regulation that
29 all taxpayers shall use the tax tables if their income is less than the
30 maximum income included in the tax tables.

31 Sec. 13. Section 77-2715.07, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 77-2715.07 (1) There shall be allowed to qualified resident
3 individuals as a nonrefundable credit against the income tax imposed by
4 the Nebraska Revenue Act of 1967:

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

7 (b) A credit for taxes paid to another state as provided in section
8 77-2730.

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

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

21 (b) For returns filed reporting federal adjusted gross income of
22 twenty-nine thousand dollars or less, a refundable credit equal to a
23 percentage of the federal credit allowable under section 21 of the
24 Internal Revenue Code of 1986, as amended, whether or not the federal
25 credit was limited by the federal tax liability. The percentage of the
26 federal credit shall be one hundred percent for incomes not greater than
27 twenty-two thousand dollars, and the percentage shall be reduced by ten
28 percent for each one thousand dollars, or fraction thereof, by which the
29 reported federal adjusted gross income exceeds twenty-two thousand
30 dollars, except that for taxable years beginning or deemed to begin on or
31 after January 1, 2015, such refundable credit shall be allowed only if

1 the individual would have received the federal credit allowed under
2 section 21 of the code after adding back in any carryforward of a net
3 operating loss that was deducted pursuant to such section in determining
4 eligibility for the federal credit;

5 (c) A refundable credit as provided in section 77-5209.01 for
6 individuals who qualify for an income tax credit as a qualified beginning
7 farmer or livestock producer under the Beginning Farmer Tax Credit Act
8 for all taxable years beginning or deemed to begin on or after January 1,
9 2006, under the Internal Revenue Code of 1986, as amended;

10 (d) A refundable credit for individuals who qualify for an income
11 tax credit under the Angel Investment Tax Credit Act, the Nebraska
12 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
13 and Development Act, the Nebraska Property Tax Cuts and Opportunities
14 Act, or the Volunteer Emergency Responders Incentive Act; and

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

23 (3) There shall be allowed to all individuals as a nonrefundable
24 credit against the income tax imposed by the Nebraska Revenue Act of
25 1967:

26 (a) A credit for personal exemptions allowed under section
27 77-2716.01;

28 (b) A credit for contributions to certified community betterment
29 programs as provided in the Community Development Assistance Act. Each
30 partner, each shareholder of an electing subchapter S corporation, each
31 beneficiary of an estate or trust, or each member of a limited liability

1 company shall report his or her share of the credit in the same manner
2 and proportion as he or she reports the partnership, subchapter S
3 corporation, estate, trust, or limited liability company income;

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

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

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

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

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

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

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

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

19 (c) A refundable credit for individuals who qualify for an income
20 tax credit as an owner of agricultural assets under the Beginning Farmer
21 Tax Credit Act for all taxable years beginning or deemed to begin on or
22 after January 1, 2009, under the Internal Revenue Code of 1986, as
23 amended. The credit allowed for each partner, shareholder, member, or
24 beneficiary of a partnership, corporation, limited liability company, or
25 estate or trust qualifying for an income tax credit as an owner of
26 agricultural assets under the Beginning Farmer Tax Credit Act shall be
27 equal to the partner's, shareholder's, member's, or beneficiary's portion
28 of the amount of tax credit distributed pursuant to subsection (4) of
29 section 77-5211.

30 (5)(a) For all taxable years beginning on or after January 1, 2007,
31 and before January 1, 2009, under the Internal Revenue Code of 1986, as

1 amended, there shall be allowed to each partner, shareholder, member, or
2 beneficiary of a partnership, subchapter S corporation, limited liability
3 company, or estate or trust a nonrefundable credit against the income tax
4 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
5 partner's, shareholder's, member's, or beneficiary's portion of the
6 amount of franchise tax paid to the state under sections 77-3801 to
7 77-3807 by a financial institution.

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

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

22 (6) There shall be allowed to all individuals nonrefundable credits
23 against the income tax imposed by the Nebraska Revenue Act of 1967 as
24 provided in section 77-3604 and refundable credits against the income tax
25 imposed by the Nebraska Revenue Act of 1967 as provided in section
26 77-3605.

27 Sec. 14. Section 77-2734.02, Revised Statutes Cumulative Supplement,
28 2016, is amended to read:

29 77-2734.02 (1) Except as provided in subsection (2) of this section,
30 a tax is hereby imposed on the taxable income of every corporate taxpayer
31 that is doing business in this state:

1 (a) For taxable years beginning or deemed to begin before January 1,
2 2013, at a rate equal to one hundred fifty and eight-tenths percent of
3 the primary rate imposed on individuals under section 77-2701.01 on the
4 first one hundred thousand dollars of taxable income and at the rate of
5 two hundred eleven percent of such rate on all taxable income in excess
6 of one hundred thousand dollars. The resultant rates shall be rounded to
7 the nearest one hundredth of one percent; ~~and~~

8 (b) For taxable years beginning or deemed to begin on or after
9 January 1, 2013, and before January 1, 2019, at a rate equal to 5.58
10 percent on the first one hundred thousand dollars of taxable income and
11 at the rate of 7.81 percent on all taxable income in excess of one
12 hundred thousand dollars; ~~-~~

13 (c) For taxable years beginning or deemed to begin on or after
14 January 1, 2019, and before January 1, 2020, at a rate equal to 5.58
15 percent on the first one hundred thousand dollars of taxable income and
16 at the rate of 6.75 percent on all taxable income in excess of one
17 hundred thousand dollars; and

18 (d) For taxable years beginning or deemed to begin on or after
19 January 1, 2020, at a rate equal to 5.58 percent on the first one hundred
20 thousand dollars of taxable income and at the rate of 6.69 percent on all
21 taxable income in excess of one hundred thousand dollars.

22 For corporate taxpayers with a fiscal year that does not coincide
23 with the calendar year, the individual rate used for this subsection
24 shall be the rate in effect on the first day, or the day deemed to be the
25 first day, of the taxable year.

26 (2) An insurance company shall be subject to taxation at the lesser
27 of the rate described in subsection (1) of this section or the rate of
28 tax imposed by the state or country in which the insurance company is
29 domiciled if the insurance company can establish to the satisfaction of
30 the Tax Commissioner that it is domiciled in a state or country other
31 than Nebraska that imposes on Nebraska domiciled insurance companies a

1 retaliatory tax against the tax described in subsection (1) of this
2 section.

3 (3) For a corporate taxpayer that is subject to tax in another
4 state, its taxable income shall be the portion of the taxpayer's federal
5 taxable income, as adjusted, that is determined to be connected with the
6 taxpayer's operations in this state pursuant to sections 77-2734.05 to
7 77-2734.15.

8 (4) Each corporate taxpayer shall file only one income tax return
9 for each taxable year.

10 Sec. 15. Section 77-4211, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 77-4211 The Property Tax Credit Cash Fund is created. The fund shall
13 only be used pursuant to the Property Tax Credit Act. Any money in the
14 fund available for investment shall be invested by the state investment
15 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
16 State Funds Investment Act. The State Treasurer shall transfer the
17 unobligated balance in the fund to the General Fund on or before
18 September 30, 2018, as directed by the budget administrator of the budget
19 division of the Department of Administrative Services.

20 Sec. 16. Section 77-4212, Revised Statutes Supplement, 2017, is
21 amended to read:

22 77-4212 (1) For tax year 2007, the amount of relief granted under
23 the Property Tax Credit Act shall be one hundred five million dollars.
24 For tax year 2008, the amount of relief granted under the act shall be
25 one hundred fifteen million dollars. It is the intent of the Legislature
26 to fund the Property Tax Credit Act for tax years ~~after tax year~~ 2008
27 through 2016 using available revenue. For tax year 2017, the amount of
28 relief granted under the act shall be two hundred twenty-four million
29 dollars. The relief shall be in the form of a property tax credit which
30 appears on the property tax statement. For tax year 2018 and each tax
31 year thereafter, the amount of relief granted under the act shall be

1 zero.

2 (2)(a) For tax years prior to tax year 2017, to determine the amount
3 of the property tax credit, the county treasurer shall multiply the
4 amount disbursed to the county under subdivision (4)(a) of this section
5 by the ratio of the real property valuation of the parcel to the total
6 real property valuation in the county. The amount determined shall be the
7 property tax credit for the property.

8 (b) ~~For Beginning with~~ tax year 2017, to determine the amount of the
9 property tax credit, the county treasurer shall multiply the amount
10 disbursed to the county under subdivision (4)(b) of this section by the
11 ratio of the credit allocation valuation of the parcel to the total
12 credit allocation valuation in the county. The amount determined shall be
13 the property tax credit for the property.

14 (3) If the real property owner qualifies for a homestead exemption
15 under sections 77-3501 to 77-3529, the owner shall also be qualified for
16 the relief provided in the act to the extent of any remaining liability
17 after calculation of the relief provided by the homestead exemption. If
18 the credit results in a property tax liability on the homestead that is
19 less than zero, the amount of the credit which cannot be used by the
20 taxpayer shall be returned to the State Treasurer by July 1 of the year
21 the amount disbursed to the county was disbursed. The State Treasurer
22 shall immediately credit any funds returned under this subsection to the
23 Property Tax Credit Cash Fund. Upon the return of any funds under this
24 subsection, the county treasurer shall electronically file a report with
25 the Property Tax Administrator, on a form prescribed by the Tax
26 Commissioner, indicating the amount of funds distributed to each taxing
27 unit in the county in the year the funds were returned, any collection
28 fee retained by the county in such year, and the amount of unused credits
29 returned.

30 (4)(a) For tax years prior to tax year 2017, the amount disbursed to
31 each county shall be equal to the amount available for disbursement

1 determined under subsection (1) of this section multiplied by the ratio
2 of the real property valuation in the county to the real property
3 valuation in the state. By September 15, the Property Tax Administrator
4 shall determine the amount to be disbursed under this subdivision to each
5 county and certify such amounts to the State Treasurer and to each
6 county. The disbursements to the counties shall occur in two equal
7 payments, the first on or before January 31 and the second on or before
8 April 1. After retaining one percent of the receipts for costs, the
9 county treasurer shall allocate the remaining receipts to each taxing
10 unit levying taxes on taxable property in the tax district in which the
11 real property is located in the same proportion that the levy of such
12 taxing unit bears to the total levy on taxable property of all the taxing
13 units in the tax district in which the real property is located.

14 (b) ~~For Beginning with~~ tax year 2017, the amount disbursed to each
15 county shall be equal to the amount available for disbursement determined
16 under subsection (1) of this section multiplied by the ratio of the
17 credit allocation valuation in the county to the credit allocation
18 valuation in the state. By September 15, the Property Tax Administrator
19 shall determine the amount to be disbursed under this subdivision to each
20 county and certify such amounts to the State Treasurer and to each
21 county. The disbursements to the counties shall occur in two equal
22 payments, the first on or before January 31 and the second on or before
23 April 1. After retaining one percent of the receipts for costs, the
24 county treasurer shall allocate the remaining receipts to each taxing
25 unit based on its share of the credits granted to all taxpayers in the
26 taxing unit.

27 (5) For purposes of this section, credit allocation valuation means
28 the taxable value for all real property except agricultural land and
29 horticultural land, one hundred twenty percent of taxable value for
30 agricultural land and horticultural land that is not subject to special
31 valuation, and one hundred twenty percent of taxable value for

1 agricultural land and horticultural land that is subject to special
2 valuation.

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

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

8 Sec. 17. Section 77-4602, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 77-4602 (1) Within fifteen days after the end of each month, the Tax
11 Commissioner shall provide a public statement of actual General Fund net
12 receipts and a comparison of such actual net receipts to the monthly
13 estimate certified pursuant to section 77-4601.

14 (2) Within fifteen days after the end of each fiscal year, the
15 public statement shall also include a summary of actual General Fund net
16 receipts and estimated General Fund net receipts for the fiscal year.

17 (3) If the actual General Fund net receipts for the fiscal year as
18 reported in subsection (2) of this section exceed estimated receipts for
19 the fiscal year, the Tax Commissioner shall immediately certify to the
20 director such excess amount. The following shall apply to such excess
21 amount:

22 (a) Through July 2018, the ~~The~~ State Treasurer shall immediately
23 transfer an amount equal to such excess amount from the General Fund to
24 the Cash Reserve Fund upon certification by the director of such excess
25 amount; and -

26 (b) Beginning July 2019:

27 (i) If the excess amount is less than one percent of the estimated
28 General Fund net receipts for the fiscal year, the State Treasurer shall
29 immediately transfer an amount equal to such excess amount from the
30 General Fund to the Cash Reserve Fund upon certification by the director
31 of such excess amount; or

1 (ii) If the excess amount is one percent or more of the estimated
2 General Fund net receipts for the fiscal year, the State Treasurer shall
3 immediately transfer the amount by which the excess amount exceeds one
4 percent of the estimated General Fund net receipts for the fiscal year
5 from the General Fund to the Cash Reserve Fund upon certification by the
6 director of such amount.

7 Sec. 18. Section 81-1201.21, Revised Statutes Cumulative Supplement,
8 2016, is amended to read:

9 81-1201.21 (1) There is hereby created the Job Training Cash Fund.
10 The fund shall be under the direction of the Department of Economic
11 Development. Money may be transferred to the fund pursuant to subdivision
12 (1)(b)(iii) of section 48-621 and from the Cash Reserve Fund at the
13 direction of the Legislature. The department shall establish a subaccount
14 for all money transferred from the Cash Reserve Fund to the Job Training
15 Cash Fund on or after July 1, 2005. The State Treasurer shall transfer
16 five million dollars from the General Fund to the Job Training Cash Fund
17 on or before July 15, 2018, as directed by the budget administrator of
18 the budget division of the Department of Administrative Services. The
19 State Treasurer shall transfer five million dollars from the General Fund
20 to the Job Training Cash Fund on or before July 15, 2019, as directed by
21 the budget administrator of the budget division of the Department of
22 Administrative Services.

23 (2) The money in the Job Training Cash Fund or the subaccount
24 established in subsection (1) of this section shall be used (a) to
25 provide reimbursements for job training activities, including employee
26 assessment, preemployment training, on-the-job training, training
27 equipment costs, and other reasonable costs related to helping industry
28 and business locate or expand in Nebraska, (b) to provide upgrade skills
29 training of the existing labor force necessary to adapt to new technology
30 or the introduction of new product lines, (c) to provide grants pursuant
31 to section 81-1210.02, (d) as provided in section 79-2308, or (e) as

1 provided in section 48-3405. The department shall give a preference to
2 job training activities carried out in whole or in part within an
3 enterprise zone designated pursuant to the Enterprise Zone Act.

4 (3) The department shall establish a subaccount within the fund to
5 provide training grants for training employees and potential employees of
6 businesses that (a) employ twenty-five or fewer employees on the
7 application date, (b) employ, or train for potential employment,
8 residents of rural areas of Nebraska, or (c) are located in or employ, or
9 train for potential employment, residents of high-poverty areas as
10 defined in section 81-1203. The department shall calculate the amount of
11 prior year investment income earnings accruing to the fund and allocate
12 such amount to the subaccount for training grants under this subsection.
13 The subaccount shall also be used as provided in the Teleworker Job
14 Creation Act and as provided in section 81-1210.02. The department shall
15 give a preference to training grants for businesses located in whole or
16 in part within an enterprise zone designated pursuant to the Enterprise
17 Zone Act.

18 (4) The State Treasurer shall transfer:

19 (a) Two hundred fifty thousand dollars from the Job Training Cash
20 Fund to the General Fund no later than July 15 of 2015 and 2016; and

21 (b) Two hundred fifty thousand dollars from the Job Training Cash
22 Fund to the Sector Partnership Program Fund on or before July 15, 2016.

23 (5) Any money in the Job Training Cash Fund available for investment
24 shall be invested by the state investment officer pursuant to the
25 Nebraska Capital Expansion Act and the Nebraska State Funds Investment
26 Act.

27 Sec. 19. Original sections 77-4211 and 77-4602, Reissue Revised
28 Statutes of Nebraska, sections 77-202, 77-693, 77-801, 77-1238, 77-1248,
29 77-2715.03, 77-2715.07, 77-2734.02, and 81-1201.21, Revised Statutes
30 Cumulative Supplement, 2016, and section 77-4212, Revised Statutes
31 Supplement, 2017, are repealed.

1 Sec. 20. Since an emergency exists, this act takes effect when
2 passed and approved according to law.