

LEGISLATURE OF NEBRASKA
ONE HUNDRED SIXTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 314

Introduced by Briese, 41; Friesen, 34.

Read first time January 16, 2019

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 76-901, 76-903, 77-202, 77-382, 77-693, 77-801, 77-1116, 77-1238,
3 77-1248, 77-1327, 77-2602, 77-2701, 77-2701.02, 77-2701.16,
4 77-2704.24, 77-2715, 77-2715.07, 77-2715.09, 77-2716, 77-2716.01,
5 77-2717, 77-2734.01, 77-27,132, 77-4001, 77-4002, 77-4007, 77-4025,
6 79-1142, 79-1145, 81-3706, and 81-3722, Reissue Revised Statutes of
7 Nebraska, and sections 44-1095, 53-160, 53-187, 79-1005.01, and
8 79-1144, Revised Statutes Cumulative Supplement, 2018; to adopt the
9 Remote Seller Sales Tax Collection Act; to remove a property tax
10 exemption for fraternal benefit societies; to increase taxes on
11 alcohol; to increase the documentary stamp tax and the cigarette
12 tax; to provide sunset dates for the Personal Property Tax Relief
13 Act and the New Markets Job Growth Investment Act; to impose a
14 surtax on certain individuals; to increase the sales tax rate; to
15 impose sales and use taxes on certain services; to eliminate certain
16 sales and use tax exemptions; to change provisions relating to the
17 alternative minimum tax, the earned income tax credit, the tax on
18 certain extraordinary dividends and capital gains, the tax on
19 certain small business corporation and limited liability company
20 income, and itemized deductions; to provide an income tax credit for
21 certain renters; to change the distribution of certain revenue; to
22 tax vapor products under the Tobacco Products Tax Act; to change
23 provisions relating to allocated income tax funds and special

1 education; to create the School Financing Review Commission and
2 provide duties; to change provisions of the Nebraska Visitors
3 Development Act; to harmonize provisions; to provide operative
4 dates; to repeal the original sections; to outright repeal sections
5 77-2704.65 and 77-2704.67, Reissue Revised Statutes of Nebraska; and
6 to declare an emergency.

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

1 Section 1. Sections 1 to 5 of this act shall be known and may be
2 cited as the Remote Seller Sales Tax Collection Act.

3 Sec. 2. For purposes of the Remote Seller Sales Tax Collection Act:

4 (1) Department means the Department of Revenue;

5 (2) Property has the same meaning as in section 77-2701.27; and

6 (3) Remote seller means any person who:

7 (a) Sells property for delivery into this state; and

8 (b) Does not have a physical presence in this state.

9 Sec. 3. Notwithstanding any other provision of law, a remote seller
10 shall be subject to the Nebraska Revenue Act of 1967, shall remit the
11 sales tax due under such act, and shall follow all applicable procedures
12 and requirements of law as if the remote seller had a physical presence
13 in this state if the remote seller meets either of the following criteria
14 in the previous or current calendar year:

15 (1) The remote seller's gross revenue from the sale of property
16 delivered into Nebraska exceeds one hundred thousand dollars; or

17 (2) The remote seller sold property for delivery into Nebraska in
18 two hundred or more separate transactions.

19 Sec. 4. Nothing in the Remote Seller Sales Tax Collection Act
20 affects the obligation of any purchaser from this state to remit use tax
21 as to any applicable transaction in which the remote seller does not
22 collect and remit an offsetting sales tax.

23 Sec. 5. The department may adopt and promulgate rules and
24 regulations to carry out the Remote Seller Sales Tax Collection Act.

25 Sec. 6. Section 44-1095, Revised Statutes Cumulative Supplement,
26 2018, is amended to read:

27 44-1095 Every society organized or licensed under sections 44-1072
28 to 44-10,109 shall be a charitable and benevolent institution, and all of
29 its funds ~~and property~~ shall be exempt from all and every state, county,
30 district, municipal, and school tax other than taxes on real estate and
31 office equipment.

1 Sec. 7. Section 53-160, Revised Statutes Cumulative Supplement,
2 2018, is amended to read:

3 53-160 (1) For the purpose of raising revenue, a tax is imposed upon
4 the privilege of engaging in business as a manufacturer or a wholesaler
5 at a rate of one dollar and thirty-eight ~~thirty-one~~ cents per gallon on
6 all beer; three dollars and fifty-one ~~ninety-five~~ cents per gallon for
7 wine, except for wines produced and released from bond in farm wineries;
8 two dollars and sixty-two ~~six~~ cents per gallon for wine produced and
9 released from bond in farm wineries; and twelve ~~three~~ dollars and twenty-
10 eight ~~seventy-five~~ cents per gallon on alcohol and spirits manufactured
11 and sold by such manufacturer or shipped for sale in this state by such
12 wholesaler in the course of such business. The gallonage tax imposed by
13 this subsection shall be imposed only on alcoholic liquor upon which a
14 federal excise tax is imposed.

15 (2) Manufacturers or wholesalers of alcoholic liquor shall be exempt
16 from the payment of the gallonage tax on such alcoholic liquor upon
17 satisfactory proof, including bills of lading furnished to the commission
18 by affidavit or otherwise as the commission may require, that such
19 alcoholic liquor was manufactured in this state but shipped out of the
20 state for sale and consumption outside this state.

21 (3) Dry wines or fortified wines manufactured or shipped into this
22 state solely and exclusively for sacramental purposes and uses shall not
23 be subject to the gallonage tax.

24 (4) The gallonage tax shall not be imposed upon any alcoholic
25 liquor, whether manufactured in or shipped into this state, when sold to
26 a licensed nonbeverage user for use in the manufacture of any of the
27 following when such products are unfit for beverage purposes: Patent and
28 proprietary medicines and medicinal, antiseptic, and toilet preparations;
29 flavoring extracts, syrups, food products, and confections or candy;
30 scientific, industrial, and chemical products, except denatured alcohol;
31 or products for scientific, chemical, experimental, or mechanical

1 purposes.

2 (5) The gallonage tax shall not be imposed upon the privilege of
3 engaging in any business in interstate commerce or otherwise, which
4 business may not, under the Constitution and statutes of the United
5 States, be made the subject of taxation by this state.

6 (6) The gallonage tax shall be in addition to all other occupation
7 or privilege taxes imposed by this state or by any municipal corporation
8 or political subdivision thereof.

9 (7) The commission shall collect the gallonage tax and shall account
10 for and remit to the State Treasurer at least once each week all money
11 collected pursuant to this section. If any alcoholic liquor manufactured
12 in or shipped into this state is sold to a licensed manufacturer or
13 wholesaler of this state to be used solely as an ingredient in the
14 manufacture of any beverage for human consumption, the tax imposed upon
15 such manufacturer or wholesaler shall be reduced by the amount of the
16 taxes which have been paid as to such alcoholic liquor so used under the
17 Nebraska Liquor Control Act. The net proceeds of all revenue arising
18 under this section shall be credited to the General Fund, except that the
19 increase in revenue due to the changes in tax rates made by this
20 legislative bill shall be credited to the Property Tax Credit Cash Fund.

21 Sec. 8. Section 53-187, Revised Statutes Cumulative Supplement,
22 2018, is amended to read:

23 53-187 No nonbeverage user shall sell, give away, or otherwise
24 dispose of any alcoholic liquor, purchased under his or her license as
25 such nonbeverage user, in any form fit for beverage purposes. Any
26 nonbeverage user who violates this section shall pay to the commission,
27 for the use of the General Fund, the sum of twelve ~~three~~ dollars and
28 twenty-eight ~~seventy-five~~ cents for each gallon of alcoholic liquor so
29 diverted, and in addition thereto shall be subject to the penalties
30 provided in section 53-1,100.

31 Sec. 9. Section 76-901, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 76-901 There is hereby imposed a tax on the grantor executing the
3 deed as defined in section 76-203 upon the transfer of a beneficial
4 interest in or legal title to real estate at the rate of two dollars and
5 seventy-five ~~twenty-five~~ cents for each one thousand dollars value or
6 fraction thereof. For purposes of sections 76-901 to 76-908, value means
7 (1) in the case of any deed, not a gift, the amount of the full actual
8 consideration thereof, paid or to be paid, including the amount of any
9 lien or liens assumed, and (2) in the case of a gift or any deed with
10 nominal consideration or without stated consideration, the current market
11 value of the property transferred. Such tax shall be evidenced by stamps
12 to be attached to the deed. All deeds purporting to transfer legal title
13 or beneficial interest shall be presumed taxable unless it clearly
14 appears on the face of the deed or sufficient documentary proof is
15 presented to the register of deeds that the instrument is exempt under
16 section 76-902.

17 Sec. 10. Section 76-903, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 76-903 The Tax Commissioner shall design such stamps in such
20 denominations as in his or her judgment will be the most advantageous to
21 all persons concerned. When any deed subject to the tax imposed by
22 section 76-901 is offered for recordation, the register of deeds shall
23 ascertain and compute the amount of the tax due thereon and shall collect
24 such amount as a prerequisite to acceptance of the deed for recordation.
25 If a dispute arises concerning the taxability of the transfer, the
26 register of deeds shall not record the deed until the disputed tax is
27 paid. If a disputed tax has been paid, the taxpayer may file for a refund
28 pursuant to section 76-908. The taxpayer may also seek a declaratory
29 ruling pursuant to rules and regulations adopted and promulgated by the
30 Department of Revenue. From each two dollars and seventy-five ~~twenty-five~~
31 cents of tax collected pursuant to section 76-901, the register of deeds

1 shall retain fifty cents to be placed in the county general fund and
2 shall remit the balance to the State Treasurer who shall credit ninety-
3 five cents of such amount to the Affordable Housing Trust Fund, twenty-
4 five cents of such amount to the Site and Building Development Fund,
5 twenty-five cents of such amount to the Homeless Shelter Assistance Trust
6 Fund, ~~and~~ thirty cents of such amount to the Behavioral Health Services
7 Fund, and fifty cents of such amount to the Property Tax Credit Cash
8 Fund.

9 Sec. 11. Section 77-202, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 77-202 (1) The following property shall be exempt from property
12 taxes:

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

16 (i) Property of the state and its governmental subdivisions means
17 (A) property held in fee title by the state or a governmental subdivision
18 or (B) property beneficially owned by the state or a governmental
19 subdivision in that it is used for a public purpose and is being acquired
20 under a lease-purchase agreement, financing lease, or other instrument
21 which provides for transfer of legal title to the property to the state
22 or a governmental subdivision upon payment of all amounts due thereunder.
23 If the property to be beneficially owned by a governmental subdivision
24 has a total acquisition cost that exceeds the threshold amount or will be
25 used as the site of a public building with a total estimated construction
26 cost that exceeds the threshold amount, then such property shall qualify
27 for an exemption under this section only if the question of acquiring
28 such property or constructing such public building has been submitted at
29 a primary, general, or special election held within the governmental
30 subdivision and has been approved by the voters of the governmental
31 subdivision. For purposes of this subdivision, threshold amount means the

1 greater of fifty thousand dollars or six-tenths of one percent of the
2 total actual value of real and personal property of the governmental
3 subdivision that will beneficially own the property as of the end of the
4 governmental subdivision's prior fiscal year; and

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

17 (b) Unleased property of the state or its governmental subdivisions
18 which is not being used or developed for use for a public purpose but
19 upon which a payment in lieu of taxes is paid for public safety, rescue,
20 and emergency services and road or street construction or maintenance
21 services to all governmental units providing such services to the
22 property. Except as provided in Article VIII, section 11, of the
23 Constitution of Nebraska, the payment in lieu of taxes shall be based on
24 the proportionate share of the cost of providing public safety, rescue,
25 or emergency services and road or street construction or maintenance
26 services unless a general policy is adopted by the governing body of the
27 governmental subdivision providing such services which provides for a
28 different method of determining the amount of the payment in lieu of
29 taxes. The governing body may adopt a general policy by ordinance or
30 resolution for determining the amount of payment in lieu of taxes by
31 majority vote after a hearing on the ordinance or resolution. Such

1 ordinance or resolution shall nevertheless result in an equitable
2 contribution for the cost of providing such services to the exempt
3 property;

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

6 (d) Property owned by educational, religious, charitable, or
7 cemetery organizations, or any organization for the exclusive benefit of
8 any such educational, religious, charitable, or cemetery organization,
9 and used exclusively for educational, religious, charitable, or cemetery
10 purposes, when such property is not (i) owned or used for financial gain
11 or profit to either the owner or user, (ii) used for the sale of
12 alcoholic liquors for more than twenty hours per week, or (iii) owned or
13 used by an organization which discriminates in membership or employment
14 based on race, color, or national origin. For purposes of this
15 subdivision, educational organization means (A) an institution operated
16 exclusively for the purpose of offering regular courses with systematic
17 instruction in academic, vocational, or technical subjects or assisting
18 students through services relating to the origination, processing, or
19 guarantying of federally reinsured student loans for higher education or
20 (B) a museum or historical society operated exclusively for the benefit
21 and education of the public. For purposes of this subdivision, charitable
22 organization ~~means~~ includes an organization operated exclusively for the
23 purpose of the mental, social, or physical benefit of the public or an
24 indefinite number of persons ~~and a fraternal benefit society organized~~
25 ~~and licensed under sections 44-1072 to 44-10,109; and~~

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

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

31 (3) Tangible personal property which is not depreciable tangible

1 personal property as defined in section 77-119 shall be exempt from
2 property tax.

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

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

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

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

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

23 (9) Any depreciable tangible personal property used directly in the
24 generation of electricity using wind as the fuel source shall be exempt
25 from the property tax levied on depreciable tangible personal property.
26 Any depreciable tangible personal property used directly in the
27 generation of electricity using solar, biomass, or landfill gas as the
28 fuel source shall be exempt from the property tax levied on depreciable
29 tangible personal property if such depreciable tangible personal property
30 was installed on or after January 1, 2016, and has a nameplate capacity
31 of one hundred kilowatts or more. Depreciable tangible personal property

1 used directly in the generation of electricity using wind, solar,
2 biomass, or landfill gas as the fuel source includes, but is not limited
3 to, wind turbines, rotors and blades, towers, solar panels, trackers,
4 generating equipment, transmission components, substations, supporting
5 structures or racks, inverters, and other system components such as
6 wiring, control systems, switchgears, and generator step-up transformers.

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

25 (11) For each person who owns property required to be reported to
26 the county assessor under section 77-1201, there shall be allowed, for
27 tax years prior to tax year 2020, an exemption amount as provided in the
28 Personal Property Tax Relief Act. For each person who owns property
29 required to be valued by the state as provided in section 77-601, 77-682,
30 77-801, or 77-1248, there shall be allowed, for tax years prior to tax
31 year 2020, a compensating exemption factor as provided in the Personal

1 Property Tax Relief Act.

2 Sec. 12. Section 77-382, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 77-382 (1) The department shall prepare a tax expenditure report
5 describing (a) the basic provisions of the Nebraska tax laws, (b) the
6 actual or estimated revenue loss caused by the exemptions, deductions,
7 exclusions, deferrals, credits, and preferential rates in effect on July
8 1 of each year and allowed under Nebraska's tax structure and in the
9 property tax, (c) the actual or estimated revenue loss caused by failure
10 to impose sales and use tax on services purchased for nonbusiness use,
11 and (d) the elements which make up the tax base for state and local
12 income, including income, sales and use, property, and miscellaneous
13 taxes.

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

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

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

1 in another state;

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

7 (d) Consumer goods, which shall include a separate listing for the
8 following items: Motor vehicles and motorboat trade-ins; merchandise
9 trade-ins; certain medical equipment and medicine; newspapers;
10 laundromats; ~~telefloral deliveries~~; motor vehicle discounts for the
11 disabled; and political campaign fundraisers;

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

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

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

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

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

31 (j) Nonprofits, governments, and exempt entities, which shall

1 include a separate listing for the following items: Purchases by
2 political subdivisions of the state; purchases by churches and nonprofit
3 colleges and medical facilities; purchasing agents for public real estate
4 construction improvements; contractor as purchasing agent for public
5 agencies; Nebraska lottery; admissions to school events; sales on Native
6 American Indian reservations; school-supporting fundraisers; fine art
7 purchases by a museum; purchases by the Nebraska State Fair Board;
8 purchases by the Nebraska Investment Finance Authority and licensees of
9 the State Racing Commission; purchases by the United States Government;
10 public records; and sales by religious organizations;

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

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

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

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

1 Sec. 13. Section 77-693, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 77-693 (1) The Property Tax Administrator in determining the taxable
4 value of railroads and car lines shall determine the following ratios
5 involving railroad and car line property and commercial and industrial
6 property:

7 (a) The ratio of the taxable value of all commercial and industrial
8 personal property in the state actually subjected to property tax divided
9 by the market value of all commercial and industrial personal property in
10 the state;

11 (b) The ratio of the taxable value of all commercial and industrial
12 real property in the state actually subjected to property tax divided by
13 the market value of all commercial and industrial real property in the
14 state;

15 (c) The ratio of the taxable value of railroad personal property to
16 the market value of railroad personal property. The numerator of the
17 ratio shall be the taxable value of railroad personal property. The
18 denominator of the ratio shall be the railroad system value allocated to
19 Nebraska and multiplied by a factor representing the net book value of
20 rail transportation personal property divided by the net book value of
21 total rail transportation property;

22 (d) The ratio of the taxable value of railroad real property to the
23 market value of railroad real property. The numerator of the ratio shall
24 be the taxable value of railroad real property. The denominator of the
25 ratio shall be the railroad system value allocated to Nebraska and
26 multiplied by a factor representing the net book value of rail
27 transportation real property divided by the net book value of total rail
28 transportation property; and

29 (e) Similar calculations shall be made for car line taxable
30 properties.

31 (2) If the ratio of the taxable value of railroad and car line

1 personal or real property exceeds the ratio of the comparable taxable
2 commercial and industrial property by more than five percent, the
3 Property Tax Administrator may adjust the value of such railroad and car
4 line property to the percentage of the comparable taxable commercial and
5 industrial property pursuant to federal statute or Nebraska federal court
6 decisions applicable thereto.

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

11 (4) After the adjustment made pursuant to subsections (1) and (2) of
12 this section, the Property Tax Administrator shall, for tax years prior
13 to tax year 2020, multiply the value of the tangible personal property of
14 each railroad and car line by the compensating exemption factor
15 calculated in section 77-1238.

16 Sec. 14. Section 77-801, Reissue Revised Statutes of Nebraska, is
17 amended to read:

18 77-801 (1) All public service entities shall, on or before April 15
19 of each year, furnish a statement specifying such information as may be
20 required by the Property Tax Administrator on forms prescribed by the Tax
21 Commissioner to determine and distribute the entity's total taxable value
22 including the franchise value. All information reported by the public
23 service entities, not available from any other public source, and any
24 memorandum thereof shall be confidential and available to taxing
25 officials only. For good cause shown, the Property Tax Administrator may
26 allow an extension of time in which to file such statement. Such
27 extension shall not exceed fifteen days after April 15.

28 (2) The returns of public service entities shall not be held to be
29 conclusive as to the taxable value of the property, but the Property Tax
30 Administrator shall, from all the information which he or she is able to
31 obtain, find the taxable value of all such property, including tangible

1 property and franchises, and shall assess such property on the same basis
2 as other property is required to be assessed.

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

9 (4) The Property Tax Administrator shall, for tax years prior to tax
10 year 2020, multiply the value of the tangible personal property of each
11 public service entity by the compensating exemption factor calculated in
12 section 77-1238.

13 Sec. 15. Section 77-1116, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 77-1116 (1) A qualified community development entity that seeks to
16 have an equity investment or long-term debt security designated as a
17 qualified equity investment and eligible for tax credits under the New
18 Markets Job Growth Investment Act shall apply to the Tax Commissioner.
19 There shall be no new applications for such designation filed under this
20 section on or after January 1, 2020 ~~December 31, 2022~~.

21 (2) The qualified community development entity shall submit an
22 application on a form that the Tax Commissioner provides that includes:

23 (a) Evidence of the entity's certification as a qualified community
24 development entity, including evidence of the service area of the entity
25 that includes this state;

26 (b) A copy of the allocation agreement executed by the entity, or
27 its controlling entity, and the Community Development Financial
28 Institutions Fund referred to in section 77-1109;

29 (c) A certificate executed by an executive officer of the entity
30 attesting that the allocation agreement remains in effect and has not
31 been revoked or canceled by the Community Development Financial

1 Institutions Fund referred to in section 77-1109;

2 (d) A description of the proposed amount, structure, and purchaser
3 of the equity investment or long-term debt security;

4 (e) Identifying information for any taxpayer eligible to utilize tax
5 credits earned as a result of the issuance of the qualified equity
6 investment;

7 (f) Information regarding the proposed use of proceeds from the
8 issuance of the qualified equity investment; and

9 (g) A nonrefundable application fee of five thousand dollars.

10 (3) Within thirty days after receipt of a completed application
11 containing the information necessary for the Tax Commissioner to certify
12 a potential qualified equity investment, including the payment of the
13 application fee, the Tax Commissioner shall grant or deny the application
14 in full or in part. If the Tax Commissioner denies any part of the
15 application, the Tax Commissioner shall inform the qualified community
16 development entity of the grounds for the denial. If the qualified
17 community development entity provides any additional information required
18 by the Tax Commissioner or otherwise completes its application within
19 fifteen days after the notice of denial, the application shall be
20 considered completed as of the original date of submission. If the
21 qualified community development entity fails to provide the information
22 or complete its application within the fifteen-day period, the
23 application remains denied and must be resubmitted in full with a new
24 submission date.

25 (4) If the application is deemed complete, the Tax Commissioner
26 shall certify the proposed equity investment or long-term debt security
27 as a qualified equity investment that is eligible for tax credits,
28 subject to the limitations contained in section 77-1115. The Tax
29 Commissioner shall provide written notice of the certification to the
30 qualified community development entity. The notice shall include the
31 names of those taxpayers who are eligible to utilize the credits and

1 their respective credit amounts. If the names of the taxpayers who are
2 eligible to utilize the credits change due to a transfer of a qualified
3 equity investment or a change in an allocation pursuant to section
4 77-1114, the qualified community development entity shall notify the Tax
5 Commissioner of such change.

6 (5) The Tax Commissioner shall certify qualified equity investments
7 in the order applications are received. Applications received on the same
8 day shall be deemed to have been received simultaneously. For
9 applications received on the same day and deemed complete, the Tax
10 Commissioner shall certify, consistent with remaining tax credit
11 capacity, qualified equity investments in proportionate percentages based
12 upon the ratio of the amount of qualified equity investment requested in
13 an application to the total amount of qualified equity investments
14 requested in all applications received on the same day.

15 (6) Once the Tax Commissioner has certified qualified equity
16 investments that, on a cumulative basis, are eligible for the maximum
17 limitation contained in section 77-1115, the Tax Commissioner may not
18 certify any more qualified equity investments for that fiscal year. If a
19 pending request cannot be fully certified, the Tax Commissioner shall
20 certify the portion that may be certified unless the qualified community
21 development entity elects to withdraw its request rather than receive
22 partial credit.

23 (7) Within thirty days after receiving notice of certification, the
24 qualified community development entity shall issue the qualified equity
25 investment and receive cash in the amount of the certified amount. The
26 qualified community development entity shall provide the Tax Commissioner
27 with evidence of the receipt of the cash investment within ten business
28 days after receipt. If the qualified community development entity does
29 not receive the cash investment and issue the qualified equity investment
30 within thirty days after receipt of the certification notice, the
31 certification shall lapse and the entity may not issue the qualified

1 equity investment without reapplying to the Tax Commissioner for
2 certification. A certification that lapses reverts back to the Tax
3 Commissioner and may be reissued only in accordance with the application
4 process outlined in this section.

5 Sec. 16. Section 77-1238, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 77-1238 (1) For tax years prior to tax year 2020, every Every person
8 who is required to list his or her taxable tangible personal property as
9 defined in section 77-105, as required under section 77-1229, shall
10 receive an exemption from taxation for the first ten thousand dollars of
11 valuation of his or her tangible personal property in each tax district
12 as defined in section 77-127 in which a personal property return is
13 required to be filed. Failure to report tangible personal property on the
14 personal property return required by section 77-1229 shall result in a
15 forfeiture of the exemption for any tangible personal property not timely
16 reported for that year.

17 (2) For tax years prior to tax year 2020, the The Property Tax
18 Administrator shall reduce the value of the tangible personal property
19 owned by each railroad, car line company, public service entity, and air
20 carrier by a compensating exemption factor to reflect the exemption
21 allowed in subsection (1) of this section for all other personal property
22 taxpayers. The compensating exemption factor is calculated by multiplying
23 the value of the tangible personal property of the railroad, car line
24 company, public service entity, or air carrier by a fraction, the
25 numerator of which is the total amount of locally assessed tangible
26 personal property that is actually subjected to property tax after the
27 exemption allowed in subsection (1) of this section, and the denominator
28 of which is the net book value of locally assessed tangible personal
29 property prior to the exemptions allowed in subsection (1) of this
30 section.

31 Sec. 17. Section 77-1248, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 77-1248 (1) The Property Tax Administrator shall ascertain from the
3 reports made and from any other information obtained by him or her the
4 taxable value of the flight equipment of air carriers and the proportion
5 allocated to this state for the purposes of taxation as provided in
6 section 77-1245.

7 (2)(a) In determining the taxable value of the flight equipment of
8 air carriers pursuant to subsection (1) of this section, the Property Tax
9 Administrator shall determine the following ratios:

10 (i) The ratio of the taxable value of all commercial and industrial
11 depreciable tangible personal property in the state actually subjected to
12 property tax to the market value of all commercial and industrial
13 depreciable tangible personal property in the state; and

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

16 (b) If the ratio of the taxable value of flight equipment of air
17 carriers exceeds the ratio of the taxable value of commercial and
18 industrial depreciable tangible personal property by more than five
19 percent, the Property Tax Administrator may adjust the value of such
20 flight equipment of air carriers to the percentage of the taxable
21 commercial and industrial depreciable tangible personal property pursuant
22 to federal law applicable to air carrier transportation property or
23 Nebraska federal court decisions applicable thereto.

24 (c) For purposes of this subsection, commercial and industrial
25 depreciable tangible personal property means all personal property which
26 is devoted to commercial or industrial use other than flight equipment of
27 air carriers.

28 (3) The Property Tax Administrator shall, for tax years prior to tax
29 year 2020, multiply the valuation of each air carrier by the compensating
30 exemption factor calculated in section 77-1238.

31 Sec. 18. Section 77-1327, Reissue Revised Statutes of Nebraska, is

1 amended to read:

2 77-1327 (1) It is the intent of the Legislature that accurate and
3 comprehensive information be developed by the Property Tax Administrator
4 and made accessible to the taxing officials and property owners in order
5 to ensure the uniformity and proportionality of the assessments of real
6 property valuations in the state in accordance with law and to provide
7 the statistical and narrative reports pursuant to section 77-5027.

8 (2) All transactions of real property for which the statement
9 required in section 76-214 is filed shall be available for development of
10 a sales file by the Property Tax Administrator. All transactions with
11 stated consideration of more than one hundred dollars or upon which more
12 than two dollars and seventy-five ~~twenty-five~~ cents in documentary stamp
13 taxes are paid shall be considered sales. All sales shall be deemed to be
14 arm's length transactions unless determined to be otherwise under
15 professionally accepted mass appraisal techniques. The Department of
16 Revenue shall not overturn a determination made by a county assessor
17 regarding the qualification of a sale unless the department reviews the
18 sale and determines through the review that the determination made by the
19 county assessor is incorrect.

20 (3) The Property Tax Administrator annually shall make and issue
21 comprehensive assessment ratio studies of the average level of
22 assessment, the degree of assessment uniformity, and the overall
23 compliance with assessment requirements for each major class of real
24 property subject to the property tax in each county. The comprehensive
25 assessment ratio studies shall be developed in compliance with
26 professionally accepted mass appraisal techniques and shall employ such
27 statistical analysis as deemed appropriate by the Property Tax
28 Administrator, including measures of central tendency and dispersion. The
29 comprehensive assessment ratio studies shall be based upon the sales file
30 as developed in subsection (2) of this section and shall be used by the
31 Property Tax Administrator for the analysis of the level of value and

1 quality of assessment for purposes of section 77-5027 and by the Property
2 Tax Administrator in establishing the adjusted valuations required by
3 section 79-1016. Such studies may also be used by assessing officials in
4 establishing assessed valuations.

5 (4) For purposes of determining the level of value of agricultural
6 and horticultural land subject to special valuation under sections
7 77-1343 to 77-1347.01, the Property Tax Administrator shall annually make
8 and issue a comprehensive study developed in compliance with
9 professionally accepted mass appraisal techniques to establish the level
10 of value if in his or her opinion the level of value cannot be developed
11 through the use of the comprehensive assessment ratio studies developed
12 in subsection (3) of this section.

13 (5) County assessors and other taxing officials shall electronically
14 report data on the assessed valuation and other features of the property
15 assessment process for such periods and in such form and content as the
16 Property Tax Administrator shall deem appropriate. The Property Tax
17 Administrator shall so construct and maintain the system used to collect
18 and analyze the data to enable him or her to make intracounty comparisons
19 of assessed valuation, including school districts and other political
20 subdivisions, as well as intercounty comparisons of assessed valuation,
21 including school districts and other political subdivisions. The Property
22 Tax Administrator shall include analysis of real property sales pursuant
23 to land contracts and similar transfers at the time of execution of the
24 contract or similar transfer.

25 Sec. 19. Section 77-2602, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 77-2602 (1) Every stamping agent engaged in distributing or selling
28 cigarettes at wholesale in this state shall pay to the Tax Commissioner
29 of this state a special privilege tax. This shall be in addition to all
30 other taxes. It shall be paid prior to or at the time of the sale, gift,
31 or delivery to the retail dealer in the several amounts as follows: On

1 each package of cigarettes containing not more than twenty cigarettes,
2 two dollars and fourteen ~~sixty-four~~ cents per package; and on packages
3 containing more than twenty cigarettes, the same tax as provided on
4 packages containing not more than twenty cigarettes for the first twenty
5 cigarettes in each package and a tax of one-twentieth of the tax on the
6 first twenty cigarettes on each cigarette in excess of twenty cigarettes
7 in each package.

8 (2) Beginning October 1, 2004, the State Treasurer shall place the
9 equivalent of forty-nine cents of such tax in the General Fund. The State
10 Treasurer shall reduce the amount placed in the General Fund under this
11 subsection by the amount prescribed in subdivision (3)(d) of this
12 section. For purposes of this section, the equivalent of a specified
13 amount ~~number of cents~~ of the tax shall mean that portion of the proceeds
14 of the tax equal to the specified amount ~~number~~ divided by the tax rate
15 per package of cigarettes containing not more than twenty cigarettes.

16 (3) The State Treasurer shall distribute the remaining proceeds of
17 such tax in the following order:

18 (a) First, beginning July 1, 1980, the State Treasurer shall place
19 the equivalent of one cent of such tax in the Nebraska Outdoor Recreation
20 Development Cash Fund. For fiscal year distributions occurring after
21 FY1998-99, the distribution under this subdivision shall not be less than
22 the amount distributed under this subdivision for FY1997-98. Any money
23 needed to increase the amount distributed under this subdivision to the
24 FY1997-98 amount shall reduce the distribution to the General Fund;

25 (b) Second, beginning July 1, 1993, the State Treasurer shall place
26 the equivalent of three cents of such tax in the Health and Human
27 Services Cash Fund to carry out sections 81-637 to 81-640. For fiscal
28 year distributions occurring after FY1998-99, the distribution under this
29 subdivision shall not be less than the amount distributed under this
30 subdivision for FY1997-98. Any money needed to increase the amount
31 distributed under this subdivision to the FY1997-98 amount shall reduce

1 the distribution to the General Fund;

2 (c) Third, beginning October 1, 2002, and continuing until all the
3 purposes of the Deferred Building Renewal Act have been fulfilled, the
4 State Treasurer shall place the equivalent of seven cents of such tax in
5 the Building Renewal Allocation Fund. The distribution under this
6 subdivision shall not be less than the amount distributed under this
7 subdivision for FY1997-98. Any money needed to increase the amount
8 distributed under this subdivision to the FY1997-98 amount shall reduce
9 the distribution to the General Fund;

10 (d) Fourth, until July 1, 2009, the State Treasurer shall place in
11 the Municipal Infrastructure Redevelopment Fund the sum of five hundred
12 twenty thousand dollars each fiscal year to carry out the Municipal
13 Infrastructure Redevelopment Fund Act. The Legislature shall appropriate
14 the sum of five hundred twenty thousand dollars each year for fiscal year
15 2003-04 through fiscal year 2008-09;

16 (e) Fifth, beginning July 1, 2001, and continuing until June 30,
17 2008, the State Treasurer shall place the equivalent of two cents of such
18 tax in the Information Technology Infrastructure Fund. The distribution
19 under this subdivision shall not be less than two million fifty thousand
20 dollars. Any money needed to increase the amount distributed under this
21 subdivision to two million fifty thousand dollars shall reduce the
22 distribution to the General Fund;

23 (f) Sixth, beginning July 1, 2001, and continuing until June 30,
24 2016, the State Treasurer shall place one million dollars each fiscal
25 year in the City of the Primary Class Development Fund. If necessary, the
26 State Treasurer shall reduce the distribution of tax proceeds to the
27 General Fund pursuant to subsection (2) of this section by such amount
28 required to fulfill the one million dollars to be distributed pursuant to
29 this subdivision;

30 (g) Seventh, beginning July 1, 2001, and continuing until June 30,
31 2016, the State Treasurer shall place one million five hundred thousand

1 dollars each fiscal year in the City of the Metropolitan Class
2 Development Fund. If necessary, the State Treasurer shall reduce the
3 distribution of tax proceeds to the General Fund pursuant to subsection
4 (2) of this section by such amount required to fulfill the one million
5 five hundred thousand dollars to be distributed pursuant to this
6 subdivision;

7 (h) Eighth, beginning July 1, 2008, and continuing until June 30,
8 2009, the State Treasurer shall place the equivalent of two million fifty
9 thousand dollars of such tax in the Nebraska Public Safety Communication
10 System Cash Fund. Beginning July 1, 2009, and continuing until June 30,
11 2016, the State Treasurer shall place the equivalent of two million five
12 hundred seventy thousand dollars of such tax in the Nebraska Public
13 Safety Communication System Cash Fund. Beginning July 1, 2016, and every
14 fiscal year thereafter, the State Treasurer shall place the equivalent of
15 three million eight hundred twenty thousand dollars of such tax in the
16 Nebraska Public Safety Communication System Cash Fund. If necessary, the
17 State Treasurer shall reduce the distribution of tax proceeds to the
18 General Fund pursuant to subsection (2) of this section by such amount
19 required to fulfill the distribution pursuant to this subdivision;~~and~~

20 (i) Ninth, beginning July 1, 2016, and every fiscal year thereafter,
21 the State Treasurer shall place the equivalent of one million two hundred
22 fifty thousand dollars of such tax in the Nebraska Health Care Cash Fund.
23 If necessary, the State Treasurer shall reduce the distribution of tax
24 proceeds to the General Fund pursuant to subsection (2) of this section
25 by such amount required to fulfill the distribution pursuant to this
26 subdivision; and -

27 (j) Tenth, beginning January 1, 2020, the State Treasurer shall
28 place the equivalent of one dollar and fifty cents of such tax in the
29 Property Tax Credit Cash Fund.

30 (4) If, after distributing the proceeds of such tax pursuant to
31 subsections (2) and (3) of this section, any proceeds of such tax remain,

1 the State Treasurer shall place such remainder in the Nebraska Capital
2 Construction Fund.

3 (5) The Legislature hereby finds and determines that the projects
4 funded from the Municipal Infrastructure Redevelopment Fund and the
5 Building Renewal Allocation Fund are of critical importance to the State
6 of Nebraska. It is the intent of the Legislature that the allocations and
7 appropriations made by the Legislature to such funds or, in the case of
8 allocations for the Municipal Infrastructure Redevelopment Fund, to the
9 particular municipality's account not be reduced until all contracts and
10 securities relating to the construction and financing of the projects or
11 portions of the projects funded from such funds or accounts of such funds
12 are completed or paid or, in the case of the Municipal Infrastructure
13 Redevelopment Fund, the earlier of such date or July 1, 2009, and that
14 until such time any reductions in the cigarette tax rate made by the
15 Legislature shall be simultaneously accompanied by equivalent reductions
16 in the amount dedicated to the General Fund from cigarette tax revenue.
17 Any provision made by the Legislature for distribution of the proceeds of
18 the cigarette tax for projects or programs other than those to (a) the
19 General Fund, (b) the Nebraska Outdoor Recreation Development Cash Fund,
20 (c) the Health and Human Services Cash Fund, (d) the Municipal
21 Infrastructure Redevelopment Fund, (e) the Building Renewal Allocation
22 Fund, (f) the Information Technology Infrastructure Fund, (g) the City of
23 the Primary Class Development Fund, (h) the City of the Metropolitan
24 Class Development Fund, (i) the Nebraska Public Safety Communication
25 System Cash Fund, ~~and~~ (j) the Nebraska Health Care Cash Fund, ~~and~~ (k) the
26 Property Tax Credit Cash Fund shall not be made a higher priority than or
27 an equal priority to any of the programs or projects specified in
28 subdivisions (a) through (k) ~~(j)~~ of this subsection.

29 Sec. 20. Section 77-2701, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 77-2701 Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235,

1 77-27,236, and 77-27,238 and section 21 of this act shall be known and
2 may be cited as the Nebraska Revenue Act of 1967.

3 Sec. 21. (1) For taxable years beginning or deemed to begin on or
4 after January 1, 2020, under the Internal Revenue Code of 1986, as
5 amended, there is hereby imposed a surtax upon any individual who:

6 (a) Is subject to state income taxes under the Nebraska Revenue Act
7 of 1967; and

8 (b) Has federal adjusted gross income for the taxable year of (i)
9 five hundred thousand dollars or more for individuals whose federal
10 filing status is married filing jointly or (ii) two hundred fifty
11 thousand dollars or more for individuals with any other federal filing
12 status.

13 (2) The surtax shall be in addition to any other taxes owed under
14 the Nebraska Revenue Act of 1967 and shall be equal to the individual's
15 state income tax liability multiplied by a rate of seven and eighty-four
16 hundredths percent.

17 (3) The surtax shall be collected when the individual files his or
18 her individual income tax return. The Tax Commissioner shall adjust the
19 income tax forms to include the calculation of the surtax.

20 (4) The Tax Commissioner may adopt and promulgate rules and
21 regulations to carry out this section.

22 Sec. 22. Section 77-2701.02, Reissue Revised Statutes of Nebraska,
23 is amended to read:

24 77-2701.02 Pursuant to section 77-2715.01:

25 (1) Until July 1, 1998, the rate of the sales tax levied pursuant to
26 section 77-2703 shall be five percent;

27 (2) Commencing July 1, 1998, and until July 1, 1999, the rate of the
28 sales tax levied pursuant to section 77-2703 shall be four and one-half
29 percent;

30 (3) Commencing July 1, 1999, and until the start of the first
31 calendar quarter after July 20, 2002, the rate of the sales tax levied

1 pursuant to section 77-2703 shall be five percent;~~and~~

2 (4) Commencing on the start of the first calendar quarter after July
3 20, 2002, and until January 1, 2020, the rate of the sales tax levied
4 pursuant to section 77-2703 shall be five and one-half percent; and -

5 (5) Commencing January 1, 2020, the rate of the sales tax levied
6 pursuant to section 77-2703 shall be six percent.

7 Sec. 23. Section 77-2701.16, Reissue Revised Statutes of Nebraska,
8 is amended to read:

9 77-2701.16 (1) Gross receipts means the total amount of the sale or
10 lease or rental price, as the case may be, of the retail sales of
11 retailers.

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

17 (a)(i) In the furnishing of telephone communication service, other
18 than mobile telecommunications service as described in section
19 77-2703.04, the gross income received from furnishing ancillary services,
20 except for conference bridging services, and intrastate
21 telecommunications services, except for value-added, nonvoice data
22 service.

23 (ii) In the furnishing of mobile telecommunications service as
24 described in section 77-2703.04, the gross income received from
25 furnishing mobile telecommunications service that originates and
26 terminates in the same state to a customer with a place of primary use in
27 Nebraska;

28 (b) In the furnishing of telegraph service, the gross income
29 received from the furnishing of intrastate telegraph services;

30 (c)(i) In the furnishing of gas, sewer, water, and electricity
31 service, other than electricity service to a customer-generator as

1 defined in section 70-2002, the gross income received from the furnishing
2 of such services upon billings or statements rendered to consumers for
3 such utility services.

4 (ii) In the furnishing of electricity service to a customer-
5 generator as defined in section 70-2002, the net energy use upon billings
6 or statements rendered to customer-generators for such electricity
7 service;

8 (d) In the furnishing of community antenna television service or
9 satellite service, the gross income received from the furnishing of such
10 community antenna television service as regulated under sections 18-2201
11 to 18-2205 or 23-383 to 23-388 or satellite service; and

12 (e) The gross income received from the provision, installation,
13 construction, servicing, or removal of property used in conjunction with
14 the furnishing, installing, or connecting of any public utility services
15 specified in subdivision (2)(a) or (b) of this section or community
16 antenna television service or satellite service specified in subdivision
17 (2)(d) of this section, except when acting as a subcontractor for a
18 public utility, this subdivision does not apply to the gross income
19 received by a contractor electing to be treated as a consumer of building
20 materials under subdivision (2) or (3) of section 77-2701.10 for any such
21 services performed on the customer's side of the utility demarcation
22 point.

23 (3) Gross receipts of every person engaged in selling, leasing, or
24 otherwise providing intellectual or entertainment property means:

25 (a) In the furnishing of computer software, the gross income
26 received, including the charges for coding, punching, or otherwise
27 producing any computer software and the charges for the tapes, disks,
28 punched cards, or other properties furnished by the seller; and

29 (b) In the furnishing of videotapes, movie film, satellite
30 programming, satellite programming service, and satellite television
31 signal descrambling or decoding devices, the gross income received from

1 the license, franchise, or other method establishing the charge.

2 (4) Gross receipts for providing a service means:

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

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

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

8 (d) The gross income received for installing and applying tangible
9 personal property if the sale of the property is subject to tax. If any
10 or all of the charge for installation is free to the customer and is paid
11 by a third-party service provider to the installer, any tax due on that
12 part of the activation commission, finder's fee, installation charge, or
13 similar payment made by the third-party service provider shall be paid
14 and remitted by the third-party service provider;

15 (e) The gross income received for services of recreational vehicle
16 parks;

17 (f) The gross income received for labor for repair or maintenance
18 services performed with regard to tangible personal property the sale of
19 which would be subject to sales and use taxes, ~~excluding motor vehicles,~~
20 except as otherwise provided in section 77-2704.26 or 77-2704.50;

21 (g) The gross income received for animal specialty and pet-related
22 services, including, but not limited to, except (i) veterinary services,
23 (ii) specialty services performed on livestock as defined in section
24 54-183, and (iii) animal grooming performed by a licensed veterinarian or
25 a licensed veterinary technician in conjunction with medical treatment;
26 ~~and~~

27 (h) The gross income received for detective services; ~~-~~

28 (i) The gross income received for the cleaning of clothing;

29 (j) The gross income received for storage and moving services;

30 (k) The gross income received for ride-sharing services;

31 (l) The gross income received for personal care services, including

1 hair care, massages, tanning services, nail services, spa services, and
2 tattoo services;

3 (m) The gross income received for maintenance, painting, repair, and
4 interior decoration services for single-family housing;

5 (n) The gross income received for limousine, taxi, and other
6 transportation services;

7 (o) The gross income received for the services of travel agents and
8 tour operators and for online travel services;

9 (p) The gross income received for lawn care, gardening, and
10 landscaping services;

11 (q) The gross income received for parking services;

12 (r) The gross income received for swimming pool cleaning and
13 maintenance services;

14 (s) The gross income received for dating and escort services;

15 (t) The gross income received for instruction in music, dance, golf,
16 and other recreational activities; and

17 (u) The gross income received for telefloral delivery services.

18 (5) Gross receipts includes the sale of admissions. When an
19 admission to an activity or a membership constituting an admission is
20 combined with the solicitation of a contribution, the portion or the
21 amount charged representing the fair market price of the admission shall
22 be considered a retail sale subject to the tax imposed by section
23 77-2703. The organization conducting the activity shall determine the
24 amount properly attributable to the purchase of the privilege, benefit,
25 or other consideration in advance, and such amount shall be clearly
26 indicated on any ticket, receipt, or other evidence issued in connection
27 with the payment.

28 (6) Gross receipts includes the sale of live plants incorporated
29 into real estate except when such incorporation is incidental to the
30 transfer of an improvement upon real estate or the real estate.

31 (7) Gross receipts includes the sale of any building materials

1 annexed to real estate by a person electing to be taxed as a retailer
2 pursuant to subdivision (1) of section 77-2701.10.

3 (8) Gross receipts includes the sale of and recharge of prepaid
4 calling service and prepaid wireless calling service.

5 (9) Gross receipts includes the retail sale of digital audio works,
6 digital audiovisual works, digital codes, and digital books delivered
7 electronically if the products are taxable when delivered on tangible
8 storage media. A sale includes the transfer of a permanent right of use,
9 the transfer of a right of use that terminates on some condition, and the
10 transfer of a right of use conditioned upon the receipt of continued
11 payments.

12 (10) Gross receipts does not include:

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

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

19 Sec. 24. Section 77-2704.24, Reissue Revised Statutes of Nebraska,
20 is amended to read:

21 77-2704.24 (1) Sales and use taxes shall not be imposed on the gross
22 receipts from the sale, lease, or rental of and the storage, use, or
23 other consumption in this state of food or food ingredients except for
24 prepared food and food sold through vending machines.

25 (2) For purposes of this section:

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

29 (b) Dietary supplement means any product, other than tobacco,
30 intended to supplement the diet that contains one or more of the
31 following dietary ingredients: (i) A vitamin, (ii) a mineral, (iii) an

1 herb or other botanical, (iv) an amino acid, (v) a dietary substance for
2 use by humans to supplement the diet by increasing the total dietary
3 intake, or (vi) a concentrate, metabolite, constituent, extract, or
4 combination of any ingredients described in subdivisions (2)(b)(i)
5 through (v) of this section; that is intended for ingestion in tablet,
6 capsule, powder, softgel, gelcap, or liquid form or, if not intended for
7 ingestion in such a form, is not presented as conventional food and is
8 not represented for use as a sole item of a meal or of the diet; and that
9 is required to be labeled as a dietary supplement, identifiable by the
10 supplemental facts box found on the label and as required pursuant to 21
11 C.F.R. 101.36, as such regulation existed on January 1, 2003;

12 (c) Food and food ingredients means substances, whether in liquid,
13 concentrated, solid, frozen, dried, or dehydrated form, that are sold for
14 ingestion or chewing by humans and are consumed for their taste or
15 nutritional value. Food and food ingredients does not include alcoholic
16 beverages, dietary supplements, ~~or~~ tobacco, candy, soft drinks, or
17 bottled water;

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

20 (e) Prepared food means:

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

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

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

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

1 (C) Food sold by a seller whose proper primary North American
2 Industry Classification System classification is manufacturing in sector
3 311, except subsector 3118, bakeries;

4 (D) Food sold in an unheated state by weight or volume as a single
5 item;

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

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

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

13 Sec. 25. Section 77-2715, Reissue Revised Statutes of Nebraska, is
14 amended to read:

15 77-2715 (1) A tax is hereby imposed for each taxable year on the
16 entire income of every resident individual and on the income of every
17 nonresident individual and partial-year resident individual which is
18 derived from sources within this state, except that any individual who
19 has additions to adjusted gross income pursuant to section 77-2716 of
20 less than five thousand dollars shall not have an individual income tax
21 liability after nonrefundable credits under the Nebraska Revenue Act of
22 1967 that exceeds his or her individual income tax liability before
23 credits under the Internal Revenue Code of 1986.

24 (2)(a) For taxable years beginning or deemed to begin before January
25 1, 2014, the tax for each resident individual shall be a percentage of
26 such individual's federal adjusted gross income as modified in sections
27 77-2716 and 77-2716.01, plus a percentage of the federal alternative
28 minimum tax and the federal tax on premature or lump-sum distributions
29 from qualified retirement plans. The additional taxes shall be recomputed
30 by (i) substituting Nebraska taxable income for federal taxable income,
31 (ii) calculating what the federal alternative minimum tax would be on

1 Nebraska taxable income and adjusting such calculations for any items
2 which are reflected differently in the determination of federal taxable
3 income, and (iii) applying Nebraska rates to the result. The federal
4 credit for prior year minimum tax, after the recomputations required by
5 the act, shall be allowed as a reduction in the income tax due.

6 (b) For taxable years beginning or deemed to begin on or after
7 January 1, 2014, and before January 1, 2020, the tax for each resident
8 individual shall be a percentage of such individual's federal adjusted
9 gross income as modified in sections 77-2716 and 77-2716.01, plus a
10 percentage of the federal tax on premature or lump-sum distributions from
11 qualified retirement plans. The additional taxes shall be recomputed by
12 substituting Nebraska taxable income for federal taxable income and
13 applying Nebraska rates to the result.

14 (c) For taxable years beginning or deemed to begin on or after
15 January 1, 2020, the tax for each resident individual shall be a
16 percentage of such individual's federal adjusted gross income as modified
17 in sections 77-2716 and 77-2716.01, plus a percentage of the federal
18 alternative minimum tax and the federal tax on premature or lump-sum
19 distributions from qualified retirement plans. The additional taxes shall
20 be recomputed by (i) substituting Nebraska taxable income for federal
21 taxable income, (ii) calculating what the federal alternative minimum tax
22 would be on Nebraska taxable income and adjusting such calculations for
23 any items which are reflected differently in the determination of federal
24 taxable income, and (iii) applying Nebraska rates to the result. The
25 federal credit for prior year minimum tax, after the recomputations
26 required by the Nebraska Revenue Act of 1967, shall be allowed as a
27 reduction in the income tax due.

28 (3) The tax for each nonresident individual and partial-year
29 resident individual shall be the portion of the tax imposed on resident
30 individuals which is attributable to the income derived from sources
31 within this state. The tax which is attributable to income derived from

1 sources within this state shall be determined by subtracting from the
2 liability to this state for a resident individual with the same total
3 income the credit for personal exemptions and multiplying the result by a
4 fraction, the numerator of which is the nonresident individual's or
5 partial-year resident individual's Nebraska adjusted gross income as
6 determined by section 77-2733 or 77-2733.01 and the denominator of which
7 is his or her total federal adjusted gross income, after first adjusting
8 each by the amounts provided in section 77-2716. If this determination
9 attributes more or less tax than is reasonably attributable to income
10 derived from sources within this state, the taxpayer may petition for or
11 the Tax Commissioner may require the employment of any other method to
12 attribute an amount of tax which is reasonable and equitable in the
13 circumstances.

14 (4) The tax for each estate and trust, other than trusts taxed as
15 corporations under the Internal Revenue Code of 1986, shall be as
16 determined under section 77-2717.

17 (5) A refund shall be allowed to the extent that the income tax paid
18 by the individual, estate, or trust for the taxable year exceeds the
19 income tax payable, except that no refund shall be made in any amount
20 less than two dollars.

21 Sec. 26. Section 77-2715.07, Reissue Revised Statutes of Nebraska,
22 is amended to read:

23 77-2715.07 (1) There shall be allowed to qualified resident
24 individuals as a nonrefundable credit against the income tax imposed by
25 the Nebraska Revenue Act of 1967:

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

28 (b) A credit for taxes paid to another state as provided in section
29 77-2730.

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

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

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

26 (c) A refundable credit as provided in section 77-5209.01 for
27 individuals who qualify for an income tax credit as a qualified beginning
28 farmer or livestock producer under the Beginning Farmer Tax Credit Act
29 for all taxable years beginning or deemed to begin on or after January 1,
30 2006, under the Internal Revenue Code of 1986, as amended;

31 (d) A refundable credit for individuals who qualify for an income

1 tax credit under the Angel Investment Tax Credit Act, the Nebraska
2 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
3 and Development Act, or the Volunteer Emergency Responders Incentive Act;
4 and

5 (e)(i) (e) A refundable credit equal to:

6 (A) Ten ten percent of the federal credit allowed under section 32
7 of the Internal Revenue Code of 1986, as amended, for taxable years
8 beginning or deemed to begin before January 1, 2020; and

9 (B) Fifteen percent of the federal credit allowed under section 32
10 of the Internal Revenue Code of 1986, as amended, for taxable years
11 beginning or deemed to begin on or after January 1, 2020.

12 (ii) For except that for taxable years beginning or deemed to begin
13 on or after January 1, 2015, the such refundable credit provided in
14 subdivision (2)(e)(i) of this section shall be allowed only if the
15 individual would have received the federal credit allowed under section
16 32 of the code after adding back in any carryforward of a net operating
17 loss that was deducted pursuant to such section in determining
18 eligibility for the federal credit; and -

19 (f) For taxable years beginning or deemed to begin on or after
20 January 1, 2020, under the Internal Revenue Code of 1986, as amended, a
21 refundable credit for individuals who rent their primary residence in an
22 amount equal to two percent of the rent paid by the individual during the
23 taxable year for such primary residence, not to exceed five hundred
24 dollars.

25 (3) There shall be allowed to all individuals as a nonrefundable
26 credit against the income tax imposed by the Nebraska Revenue Act of
27 1967:

28 (a) A credit for personal exemptions allowed under section
29 77-2716.01;

30 (b) A credit for contributions to certified community betterment
31 programs as provided in the Community Development Assistance Act. Each

1 partner, each shareholder of an electing subchapter S corporation, each
2 beneficiary of an estate or trust, or each member of a limited liability
3 company shall report his or her share of the credit in the same manner
4 and proportion as he or she reports the partnership, subchapter S
5 corporation, estate, trust, or limited liability company income;

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

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

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

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

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

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

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

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

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

1 (5)(a) For all taxable years beginning on or after January 1, 2007,
2 and before January 1, 2009, under the Internal Revenue Code of 1986, as
3 amended, there shall be allowed to each partner, shareholder, member, or
4 beneficiary of a partnership, subchapter S corporation, limited liability
5 company, or estate or trust a nonrefundable credit against the income tax
6 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the
7 partner's, shareholder's, member's, or beneficiary's portion of the
8 amount of franchise tax paid to the state under sections 77-3801 to
9 77-3807 by a financial institution.

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

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

24 (6) There shall be allowed to all individuals nonrefundable credits
25 against the income tax imposed by the Nebraska Revenue Act of 1967 as
26 provided in section 77-3604 and refundable credits against the income tax
27 imposed by the Nebraska Revenue Act of 1967 as provided in section
28 77-3605.

29 Sec. 27. Section 77-2715.09, Reissue Revised Statutes of Nebraska,
30 is amended to read:

31 77-2715.09 (1) This section applies to taxable years beginning or

1 deemed to begin before January 1, 2020.

2 (2) Every resident individual may elect under this section to
3 subtract from federal adjusted gross income, or for trusts qualifying
4 under subdivision (3)(c) ~~(2)(e)~~ of this section from taxable income, the
5 extraordinary dividends paid on and the capital gain from the sale or
6 exchange of capital stock of a corporation acquired by the individual (a)
7 on account of employment by such corporation or (b) while employed by
8 such corporation.

9 (3)(a) ~~(2)(a)~~ Each individual shall be entitled to one election
10 under subsection (2) ~~(1)~~ of this section during his or her lifetime for
11 the capital stock of one corporation.

12 (b) The election shall apply to subsequent extraordinary dividends
13 paid and sales and exchanges in a ~~any~~ taxable year if the dividend is
14 received on, or the sale or exchange is of, capital stock in the same
15 corporation and such capital stock was acquired as provided in subsection
16 (2) ~~(1)~~ of this section.

17 (c) After the individual makes an election, such election shall
18 apply to extraordinary dividends paid on, and the sale or exchange of,
19 capital stock of the corporation transferred by inter vivos gift from the
20 individual to his or her spouse or issue or a trust for the benefit of
21 the individual's spouse or issue if such capital stock was acquired as
22 provided in subsection (2) ~~(1)~~ of this section. This subdivision shall
23 apply, in the case of the spouse, only if the spouse was married to such
24 individual on the date of the extraordinary dividend or sale or exchange
25 or the date of death of the individual.

26 (d) If the individual dies without making an election, the surviving
27 spouse or, if there is no surviving spouse, the oldest surviving issue
28 may make the election for capital stock that would have qualified under
29 subdivision (c) of this subsection.

30 (4) ~~(3)~~ An election under subsection (2) ~~(1)~~ of this section shall
31 be made by including a written statement with the taxpayer's Nebraska

1 income tax return or an amended return for the taxable year for which the
2 election is made. The written statement shall identify the corporation
3 that issued the stock and the grounds for the election under this section
4 and shall state that the taxpayer elects to have this section apply.

5 Sec. 28. Section 77-2716, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 77-2716 (1) The following adjustments to federal adjusted gross
8 income or, for corporations and fiduciaries, federal taxable income shall
9 be made for interest or dividends received:

10 (a)(i) There shall be subtracted interest or dividends received by
11 the owner of obligations of the United States and its territories and
12 possessions or of any authority, commission, or instrumentality of the
13 United States to the extent includable in gross income for federal income
14 tax purposes but exempt from state income taxes under the laws of the
15 United States; and

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

20 (b) There shall be subtracted that portion of the total dividends
21 and other income received from a regulated investment company which is
22 attributable to obligations described in subdivision (a) of this
23 subsection as reported to the recipient by the regulated investment
24 company;

25 (c) There shall be added interest or dividends received by the owner
26 of obligations of the District of Columbia, other states of the United
27 States, or their political subdivisions, authorities, commissions, or
28 instrumentalities to the extent excluded in the computation of gross
29 income for federal income tax purposes except that such interest or
30 dividends shall not be added if received by a corporation which is a
31 regulated investment company;

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

6 (e)(i) Any amount subtracted under this subsection shall be reduced
7 by any interest on indebtedness incurred to carry the obligations or
8 securities described in this subsection or the investment in the
9 regulated investment company and by any expenses incurred in the
10 production of interest or dividend income described in this subsection to
11 the extent that such expenses, including amortizable bond premiums, are
12 deductible in determining federal taxable income.

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

16 (2) There shall be allowed a net operating loss derived from or
17 connected with Nebraska sources computed under rules and regulations
18 adopted and promulgated by the Tax Commissioner consistent, to the extent
19 possible under the Nebraska Revenue Act of 1967, with the laws of the
20 United States. For a resident individual, estate, or trust, the net
21 operating loss computed on the federal income tax return shall be
22 adjusted by the modifications contained in this section. For a
23 nonresident individual, estate, or trust or for a partial-year resident
24 individual, the net operating loss computed on the federal return shall
25 be adjusted by the modifications contained in this section and any
26 carryovers or carrybacks shall be limited to the portion of the loss
27 derived from or connected with Nebraska sources.

28 (3) There shall be subtracted from federal adjusted gross income for
29 all taxable years beginning on or after January 1, 1987, the amount of
30 any state income tax refund to the extent such refund was deducted under
31 the Internal Revenue Code, was not allowed in the computation of the tax

1 due under the Nebraska Revenue Act of 1967, and is included in federal
2 adjusted gross income.

3 (4) For taxable years beginning or deemed to begin before January 1,
4 2020, under the Internal Revenue Code of 1986, as amended, federal
5 ~~Federal~~ adjusted gross income, or, for a fiduciary, federal taxable
6 income shall be modified to exclude the portion of the income or loss
7 received from a small business corporation with an election in effect
8 under subchapter S of the Internal Revenue Code or from a limited
9 liability company organized pursuant to the Nebraska Uniform Limited
10 Liability Company Act that is not derived from or connected with Nebraska
11 sources as determined in section 77-2734.01.

12 (5) There shall be subtracted from federal adjusted gross income or,
13 for corporations and fiduciaries, federal taxable income dividends
14 received or deemed to be received from corporations which are not subject
15 to the Internal Revenue Code.

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

23 (a) The amount of federal taxable income from operations within a
24 foreign taxing jurisdiction shall be reduced by the amount of taxes
25 actually paid to the foreign jurisdiction that are not deductible solely
26 because the foreign tax credit was elected on the federal income tax
27 return;

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

30 (c) The result of the calculation in subdivision (b) of this
31 subsection shall be subtracted from the amount of federal taxable income

1 used in subdivision (a) of this subsection. The result of such
2 calculation, if greater than zero, shall be subtracted from federal
3 taxable income.

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

7 (8)(a) Federal adjusted gross income or, for corporations and
8 fiduciaries, federal taxable income shall be reduced, to the extent
9 included, by income from interest, earnings, and state contributions
10 received from the Nebraska educational savings plan trust created in
11 sections 85-1801 to 85-1814 and any account established under the
12 achieving a better life experience program as provided in sections
13 77-1401 to 77-1409.

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

30 (c) Federal adjusted gross income or, for corporations and
31 fiduciaries, federal taxable income shall be increased by:

1 (i) The amount resulting from the cancellation of a participation
2 agreement refunded to the taxpayer as a participant in the Nebraska
3 educational savings plan trust to the extent previously deducted under
4 subdivision (8)(b) of this section; and

5 (ii) The amount of any withdrawals by the owner of an account
6 established under the achieving a better life experience program as
7 provided in sections 77-1401 to 77-1409 for nonqualified expenses to the
8 extent previously deducted under subdivision (8)(b) of this section.

9 (9)(a) For income tax returns filed after September 10, 2001, for
10 taxable years beginning or deemed to begin before January 1, 2006, under
11 the Internal Revenue Code of 1986, as amended, federal adjusted gross
12 income or, for corporations and fiduciaries, federal taxable income shall
13 be increased by eighty-five percent of any amount of any federal bonus
14 depreciation received under the federal Job Creation and Worker
15 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,
16 under section 168(k) or section 1400L of the Internal Revenue Code of
17 1986, as amended, for assets placed in service after September 10, 2001,
18 and before December 31, 2005.

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

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

30 (d) The amount of bonus depreciation added to federal adjusted gross
31 income or, for corporations and fiduciaries, federal taxable income by

1 this subsection shall be subtracted in a later taxable year. Twenty
2 percent of the total amount of bonus depreciation added back by this
3 subsection for tax years beginning or deemed to begin before January 1,
4 2003, under the Internal Revenue Code of 1986, as amended, may be
5 subtracted in the first taxable year beginning or deemed to begin on or
6 after January 1, 2005, under the Internal Revenue Code of 1986, as
7 amended, and twenty percent in each of the next four following taxable
8 years. Twenty percent of the total amount of bonus depreciation added
9 back by this subsection for tax years beginning or deemed to begin on or
10 after January 1, 2003, may be subtracted in the first taxable year
11 beginning or deemed to begin on or after January 1, 2006, under the
12 Internal Revenue Code of 1986, as amended, and twenty percent in each of
13 the next four following taxable years.

14 (10) For taxable years beginning or deemed to begin on or after
15 January 1, 2003, and before January 1, 2006, under the Internal Revenue
16 Code of 1986, as amended, federal adjusted gross income or, for
17 corporations and fiduciaries, federal taxable income shall be increased
18 by the amount of any capital investment that is expensed under section
19 179 of the Internal Revenue Code of 1986, as amended, that is in excess
20 of twenty-five thousand dollars that is allowed under the federal Jobs
21 and Growth Tax Act of 2003. Twenty percent of the total amount of
22 expensing added back by this subsection for tax years beginning or deemed
23 to begin on or after January 1, 2003, may be subtracted in the first
24 taxable year beginning or deemed to begin on or after January 1, 2006,
25 under the Internal Revenue Code of 1986, as amended, and twenty percent
26 in each of the next four following tax years.

27 (11)(a) For taxable years beginning or deemed to begin before
28 January 1, 2018, under the Internal Revenue Code of 1986, as amended,
29 federal adjusted gross income shall be reduced by contributions, up to
30 two thousand dollars per married filing jointly return or one thousand
31 dollars for any other return, and any investment earnings made as a

1 participant in the Nebraska long-term care savings plan under the Long-
2 Term Care Savings Plan Act, to the extent not deducted for federal income
3 tax purposes.

4 (b) For taxable years beginning or deemed to begin before January 1,
5 2018, under the Internal Revenue Code of 1986, as amended, federal
6 adjusted gross income shall be increased by the withdrawals made as a
7 participant in the Nebraska long-term care savings plan under the act by
8 a person who is not a qualified individual or for any reason other than
9 transfer of funds to a spouse, long-term care expenses, long-term care
10 insurance premiums, or death of the participant, including withdrawals
11 made by reason of cancellation of the participation agreement, to the
12 extent previously deducted as a contribution or as investment earnings.

13 (12) There shall be added to federal adjusted gross income for
14 individuals, estates, and trusts any amount taken as a credit for
15 franchise tax paid by a financial institution under sections 77-3801 to
16 77-3807 as allowed by subsection (5) of section 77-2715.07.

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

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

24 (ii) For taxpayers filing any other return, federal adjusted gross
25 income is forty-three thousand dollars or less.

26 (b) For taxable years beginning or deemed to begin on or after
27 January 1, 2020, under the Internal Revenue Code of 1986, as amended, the
28 Tax Commissioner shall adjust the dollar amounts provided in subdivisions
29 (13)(a)(i) and (ii) of this section by the same percentage used to adjust
30 individual income tax brackets under subsection (3) of section
31 77-2715.03.

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

17 Sec. 29. Section 77-2716.01, Reissue Revised Statutes of Nebraska,
18 is amended to read:

19 77-2716.01 (1)(a) Through tax year 2017, every individual shall be
20 allowed to subtract from his or her income tax liability an amount for
21 personal exemptions. The amount allowed to be subtracted shall be the
22 credit amount for the year as provided in this subdivision multiplied by
23 the number of exemptions allowed on the federal return. For tax year
24 1993, the credit amount shall be sixty-five dollars; for tax year 1994,
25 the credit amount shall be sixty-nine dollars; for tax year 1995, the
26 credit amount shall be sixty-nine dollars; for tax year 1996, the credit
27 amount shall be seventy-two dollars; for tax year 1997, the credit amount
28 shall be eighty-six dollars; for tax year 1998, the credit amount shall
29 be eighty-eight dollars; for tax year 1999, and each year thereafter
30 through tax year 2017, the credit amount shall be adjusted for inflation
31 by the method provided in section 151 of the Internal Revenue Code of

1 1986, as it existed prior to December 22, 2017. The eighty-eight-dollar
2 credit amount shall be adjusted for cumulative inflation since 1998. If
3 any credit amount is not an even dollar amount, the amount shall be
4 rounded to the nearest dollar. For nonresident individuals and partial-
5 year resident individuals, the personal exemption credit shall be
6 subtracted as specified in subsection (3) of section 77-2715.

7 (b) Beginning with tax year 2018, every individual, except an
8 individual that can be claimed for a child credit or dependent credit on
9 the federal return of another taxpayer, shall be allowed to subtract from
10 his or her income tax liability an amount for personal exemptions. The
11 amount allowed to be subtracted shall be the credit amount for the year
12 as provided in this subdivision multiplied by the sum of the number of
13 child credits and dependent credits taken on the federal return, plus two
14 for a married filing jointly return or plus one for a single or head of
15 household return. For tax year 2018, the credit amount shall be one
16 hundred thirty-four dollars. For tax year 2019 and each tax year
17 thereafter, the credit amount shall be adjusted for inflation based on
18 the percentage change in the Consumer Price Index for All Urban Consumers
19 published by the federal Bureau of Labor Statistics from the twelve
20 months ending on August 31, 2017, to the twelve months ending on August
21 31 of the year preceding the taxable year. If any credit amount is not an
22 even dollar amount, the amount shall be rounded to the nearest dollar.
23 For nonresident individuals and partial-year resident individuals, the
24 personal exemption credit shall be subtracted as specified in subsection
25 (3) of section 77-2715.

26 (2)(a) For tax years beginning or deemed to begin on or after
27 January 1, 2003, and before January 1, 2004, under the Internal Revenue
28 Code of 1986, as amended, every individual who did not itemize deductions
29 on his or her federal return shall be allowed to subtract from federal
30 adjusted gross income a standard deduction based on the filing status
31 used on the federal return except as the amount is adjusted under section

1 77-2716.03. The standard deduction shall be the smaller of the federal
2 standard deduction actually allowed or (i) for single taxpayers four
3 thousand seven hundred fifty dollars, (ii) for head of household
4 taxpayers seven thousand dollars, (iii) for married filing jointly
5 taxpayers seven thousand nine hundred fifty dollars, and (iv) for married
6 filing separately taxpayers three thousand nine hundred seventy-five
7 dollars. Taxpayers who are allowed additional federal standard deduction
8 amounts because of age or blindness shall be allowed an increase in the
9 Nebraska standard deduction for each additional amount allowed on the
10 federal return. The additional amounts shall be for married taxpayers,
11 nine hundred fifty dollars, and for single or head of household
12 taxpayers, one thousand one hundred fifty dollars.

13 (b) For tax years beginning or deemed to begin on or after January
14 1, 2007, and before January 1, 2018, under the Internal Revenue Code of
15 1986, as amended, every individual who did not itemize deductions on his
16 or her federal return shall be allowed to subtract from federal adjusted
17 gross income a standard deduction based on the filing status used on the
18 federal return. The standard deduction shall be the smaller of the
19 federal standard deduction actually allowed or (i) for single taxpayers
20 three thousand dollars and (ii) for head of household taxpayers four
21 thousand four hundred dollars. The standard deduction for married filing
22 jointly taxpayers shall be double the standard deduction for single
23 taxpayers, and for married filing separately taxpayers, the standard
24 deduction shall be the same as single taxpayers. Taxpayers who are
25 allowed additional federal standard deduction amounts because of age or
26 blindness shall be allowed an increase in the Nebraska standard deduction
27 for each additional amount allowed on the federal return. The additional
28 amounts shall be for married taxpayers six hundred dollars and for single
29 or head of household taxpayers seven hundred fifty dollars. The amounts
30 in this subdivision will be indexed using 1987 as the base year.

31 (c) For tax years beginning or deemed to begin on or after January

1 1, 2007, and before January 1, 2018, the standard deduction amounts,
2 including the additional standard deduction amounts, in this subsection
3 shall be adjusted for inflation by the method provided in section 151 of
4 the Internal Revenue Code of 1986, as it existed prior to December 22,
5 2017. If any amount is not a multiple of fifty dollars, the amount shall
6 be rounded to the next lowest multiple of fifty dollars.

7 (3)(a) For tax years beginning or deemed to begin on or after
8 January 1, 2018, every individual who did not itemize deductions on his
9 or her federal return shall be allowed to subtract from federal adjusted
10 gross income a standard deduction based on the filing status used on the
11 federal return. The standard deduction shall be the smaller of the
12 federal standard deduction actually allowed or (i) six thousand seven
13 hundred fifty dollars for single taxpayers and (ii) nine thousand nine
14 hundred dollars for head of household taxpayers. The standard deduction
15 for married filing jointly taxpayers shall be double the standard
16 deduction for single taxpayers, and the standard deduction for married
17 filing separately taxpayers shall be the same as the standard deduction
18 for single taxpayers. Taxpayers who are allowed additional federal
19 standard deduction amounts because of age or blindness shall be allowed
20 an increase in the Nebraska standard deduction for each additional amount
21 allowed on the federal return. The additional amounts shall be one
22 thousand three hundred dollars for married taxpayers and one thousand six
23 hundred dollars for single or head of household taxpayers.

24 (b) For tax years beginning or deemed to begin on or after January
25 1, 2019, the standard deduction amounts, including the additional
26 standard deduction amounts, in this subsection shall be adjusted for
27 inflation based on the percentage change in the Consumer Price Index for
28 All Urban Consumers published by the federal Bureau of Labor Statistics
29 from the twelve months ending on August 31, 2017, to the twelve months
30 ending on August 31 of the year preceding the taxable year. If any amount
31 is not a multiple of fifty dollars, the amount shall be rounded to the

1 next lowest multiple of fifty dollars.

2 (4) Every individual who itemized deductions on his or her federal
3 return shall be allowed to subtract from federal adjusted gross income
4 the greater of either the standard deduction allowed in this section or
5 his or her federal itemized deductions for medical expenses ~~as defined in~~
6 ~~section 63(d) of the Internal Revenue Code of 1986, as amended, except~~
7 ~~for the amount for state or local income taxes included in federal~~
8 ~~itemized deductions before any federal disallowance.~~

9 Sec. 30. Section 77-2717, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 77-2717 (1)(a)(i) For taxable years beginning or deemed to begin
12 before January 1, 2014, the tax imposed on all resident estates and
13 trusts shall be a percentage of the federal taxable income of such
14 estates and trusts as modified in section 77-2716, plus a percentage of
15 the federal alternative minimum tax and the federal tax on premature or
16 lump-sum distributions from qualified retirement plans. The additional
17 taxes shall be recomputed by (A) substituting Nebraska taxable income for
18 federal taxable income, (B) calculating what the federal alternative
19 minimum tax would be on Nebraska taxable income and adjusting such
20 calculations for any items which are reflected differently in the
21 determination of federal taxable income, and (C) applying Nebraska rates
22 to the result. The federal credit for prior year minimum tax, after the
23 recomputations required by the Nebraska Revenue Act of 1967, and the
24 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act
25 and the Nebraska Advantage Research and Development Act shall be allowed
26 as a reduction in the income tax due. A refundable income tax credit
27 shall be allowed for all resident estates and trusts under the Angel
28 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax
29 Credit Act, and the Nebraska Advantage Research and Development Act. A
30 nonrefundable income tax credit shall be allowed for all resident estates
31 and trusts as provided in the New Markets Job Growth Investment Act.

1 (ii) For taxable years beginning or deemed to begin on or after
2 January 1, 2014, and before January 1, 2020, the tax imposed on all
3 resident estates and trusts shall be a percentage of the federal taxable
4 income of such estates and trusts as modified in section 77-2716, plus a
5 percentage of the federal tax on premature or lump-sum distributions from
6 qualified retirement plans. The additional taxes shall be recomputed by
7 substituting Nebraska taxable income for federal taxable income and
8 applying Nebraska rates to the result. The credits provided in the
9 Nebraska Advantage Microenterprise Tax Credit Act and the Nebraska
10 Advantage Research and Development Act shall be allowed as a reduction in
11 the income tax due. A refundable income tax credit shall be allowed for
12 all resident estates and trusts under the Angel Investment Tax Credit
13 Act, the Nebraska Advantage Microenterprise Tax Credit Act, and the
14 Nebraska Advantage Research and Development Act. A nonrefundable income
15 tax credit shall be allowed for all resident estates and trusts as
16 provided in the Nebraska Job Creation and Mainstreet Revitalization Act,
17 the New Markets Job Growth Investment Act, the School Readiness Tax
18 Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.

19 (iii) For taxable years beginning or deemed to begin on or after
20 January 1, 2020, the tax imposed on all resident estates and trusts shall
21 be a percentage of the federal taxable income of such estates and trusts
22 as modified in section 77-2716, plus a percentage of the federal
23 alternative minimum tax and the federal tax on premature or lump-sum
24 distributions from qualified retirement plans. The additional taxes shall
25 be recomputed by (A) substituting Nebraska taxable income for federal
26 taxable income, (B) calculating what the federal alternative minimum tax
27 would be on Nebraska taxable income and adjusting such calculations for
28 any items which are reflected differently in the determination of federal
29 taxable income, and (C) applying Nebraska rates to the result. The
30 federal credit for prior year minimum tax, after the recomputations
31 required by the Nebraska Revenue Act of 1967, shall be allowed as a

1 reduction in the income tax due. A refundable income tax credit shall be
2 allowed for all resident estates and trusts under the Angel Investment
3 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,
4 and the Nebraska Advantage Research and Development Act. A nonrefundable
5 income tax credit shall be allowed for all resident estates and trusts as
6 provided in the Nebraska Job Creation and Mainstreet Revitalization Act,
7 the New Markets Job Growth Investment Act, the School Readiness Tax
8 Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.

9 (b) The tax imposed on all nonresident estates and trusts shall be
10 the portion of the tax imposed on resident estates and trusts which is
11 attributable to the income derived from sources within this state. The
12 tax which is attributable to income derived from sources within this
13 state shall be determined by multiplying the liability to this state for
14 a resident estate or trust with the same total income by a fraction, the
15 numerator of which is the nonresident estate's or trust's Nebraska income
16 as determined by sections 77-2724 and 77-2725 and the denominator of
17 which is its total federal income after first adjusting each by the
18 amounts provided in section 77-2716. The federal credit for prior year
19 minimum tax, after the recomputations required by the Nebraska Revenue
20 Act of 1967, reduced by the percentage of the total income which is
21 attributable to income from sources outside this state, and the credits
22 provided in the Nebraska Advantage Microenterprise Tax Credit Act and the
23 Nebraska Advantage Research and Development Act shall be allowed as a
24 reduction in the income tax due. A refundable income tax credit shall be
25 allowed for all nonresident estates and trusts under the Angel Investment
26 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,
27 and the Nebraska Advantage Research and Development Act. A nonrefundable
28 income tax credit shall be allowed for all nonresident estates and trusts
29 as provided in the Nebraska Job Creation and Mainstreet Revitalization
30 Act, the New Markets Job Growth Investment Act, the School Readiness Tax
31 Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.

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

13 (3) The beneficiaries of such estate or trust who are residents of
14 this state shall include in their income their proportionate share of
15 such estate's or trust's federal income and shall reduce their Nebraska
16 tax liability by their proportionate share of the credits as provided in
17 the Angel Investment Tax Credit Act, the Nebraska Advantage
18 Microenterprise Tax Credit Act, the Nebraska Advantage Research and
19 Development Act, the Nebraska Job Creation and Mainstreet Revitalization
20 Act, the New Markets Job Growth Investment Act, the School Readiness Tax
21 Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.
22 There shall be allowed to a beneficiary a refundable income tax credit
23 under the Beginning Farmer Tax Credit Act for all taxable years beginning
24 or deemed to begin on or after January 1, 2001, under the Internal
25 Revenue Code of 1986, as amended.

26 (4) If any beneficiary of such estate or trust is a nonresident
27 during any part of the estate's or trust's taxable year, he or she shall
28 file a Nebraska income tax return which shall include (a) in Nebraska
29 adjusted gross income that portion of the estate's or trust's Nebraska
30 income, as determined under sections 77-2724 and 77-2725, allocable to
31 his or her interest in the estate or trust and (b) a reduction of the

1 Nebraska tax liability by his or her proportionate share of the credits
2 as provided in the Angel Investment Tax Credit Act, the Nebraska
3 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
4 and Development Act, the Nebraska Job Creation and Mainstreet
5 Revitalization Act, the New Markets Job Growth Investment Act, the School
6 Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, and
7 section 77-27,238 and shall execute and forward to the fiduciary, on or
8 before the original due date of the Nebraska fiduciary return, an
9 agreement which states that he or she will file a Nebraska income tax
10 return and pay income tax on all income derived from or connected with
11 sources in this state, and such agreement shall be attached to the
12 Nebraska fiduciary return for such taxable year.

13 (5) In the absence of the nonresident beneficiary's executed
14 agreement being attached to the Nebraska fiduciary return, the estate or
15 trust shall remit a portion of such beneficiary's income which was
16 derived from or attributable to Nebraska sources with its Nebraska return
17 for the taxable year. For taxable years beginning or deemed to begin
18 before January 1, 2013, the amount of remittance, in such instance, shall
19 be the highest individual income tax rate determined under section
20 77-2715.02 multiplied by the nonresident beneficiary's share of the
21 estate or trust income which was derived from or attributable to sources
22 within this state. For taxable years beginning or deemed to begin on or
23 after January 1, 2013, the amount of remittance, in such instance, shall
24 be the highest individual income tax rate determined under section
25 77-2715.03 multiplied by the nonresident beneficiary's share of the
26 estate or trust income which was derived from or attributable to sources
27 within this state. The amount remitted shall be allowed as a credit
28 against the Nebraska income tax liability of the beneficiary.

29 (6) The Tax Commissioner may allow a nonresident beneficiary to not
30 file a Nebraska income tax return if the nonresident beneficiary's only
31 source of Nebraska income was his or her share of the estate's or trust's

1 income which was derived from or attributable to sources within this
2 state, the nonresident did not file an agreement to file a Nebraska
3 income tax return, and the estate or trust has remitted the amount
4 required by subsection (5) of this section on behalf of such nonresident
5 beneficiary. The amount remitted shall be retained in satisfaction of the
6 Nebraska income tax liability of the nonresident beneficiary.

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

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

18 Sec. 31. Section 77-2734.01, Reissue Revised Statutes of Nebraska,
19 is amended to read:

20 77-2734.01 (1)(a) For taxable years beginning or deemed to begin
21 before January 1, 2020, residents ~~(1) Residents~~ of Nebraska who are
22 shareholders of a small business corporation having an election in effect
23 under subchapter S of the Internal Revenue Code or who are members of a
24 limited liability company organized pursuant to the Nebraska Uniform
25 Limited Liability Company Act shall include in their Nebraska taxable
26 income, to the extent includable in federal gross income, their
27 proportionate share of such corporation's or limited liability company's
28 federal income adjusted pursuant to this section. Income or loss from
29 such corporation or limited liability company conducting a business,
30 trade, profession, or occupation shall be included in the Nebraska
31 taxable income of a shareholder or member who is a resident of this state

1 to the extent of such shareholder's or member's proportionate share of
2 the net income or loss from the conduct of such business, trade,
3 profession, or occupation within this state, determined under subsection
4 (2) of this section. A resident of Nebraska shall include in Nebraska
5 taxable income fair compensation for services rendered to such
6 corporation or limited liability company. Compensation actually paid
7 shall be presumed to be fair unless it is apparent to the Tax
8 Commissioner that such compensation is materially different from fair
9 value for the services rendered or has been manipulated for tax avoidance
10 purposes.

11 (b) For taxable years beginning or deemed to begin on or after
12 January 1, 2020, residents of Nebraska who are shareholders of a small
13 business corporation having an election in effect under subchapter S of
14 the Internal Revenue Code or who are members of a limited liability
15 company organized pursuant to the Nebraska Uniform Limited Liability
16 Company Act shall include in their Nebraska taxable income, to the extent
17 includable in federal gross income, their proportionate share of such
18 corporation's or limited liability company's federal income. A resident
19 of Nebraska shall include in Nebraska taxable income fair compensation
20 for services rendered to such corporation or limited liability company.
21 Compensation actually paid shall be presumed to be fair unless it is
22 apparent to the Tax Commissioner that such compensation is materially
23 different from fair value for the services rendered or has been
24 manipulated for tax avoidance purposes.

25 (2) The income of any small business corporation having an election
26 in effect under subchapter S of the Internal Revenue Code or limited
27 liability company organized pursuant to the Nebraska Uniform Limited
28 Liability Company Act that is derived from or connected with Nebraska
29 sources shall be determined in the following manner:

30 (a) If the small business corporation is a member of a unitary
31 group, the small business corporation shall be deemed to be doing

1 business within this state if any part of its income is derived from
2 transactions with other members of the unitary group doing business
3 within this state, and such corporation shall apportion its income by
4 using the apportionment factor determined for the entire unitary group,
5 including the small business corporation, under sections 77-2734.05 to
6 77-2734.15;

7 (b) If the small business corporation or limited liability company
8 is not a member of a unitary group and is subject to tax in another
9 state, it shall apportion its income under sections 77-2734.05 to
10 77-2734.15; and

11 (c) If the small business corporation or limited liability company
12 is not subject to tax in another state, all of its income is derived from
13 or connected with Nebraska sources.

14 (3) Nonresidents of Nebraska who are shareholders of such
15 corporations or members of such limited liability companies shall file a
16 Nebraska income tax return and shall include in Nebraska adjusted gross
17 income their proportionate share of the corporation's or limited
18 liability company's Nebraska income as determined under subsection (2) of
19 this section.

20 (4) The nonresident shareholder or member shall execute and forward
21 to the corporation or limited liability company before the filing of the
22 corporation's or limited liability company's return an agreement which
23 states he or she will file a Nebraska income tax return and pay the tax
24 on the income derived from or connected with sources in this state, and
25 such agreement shall be attached to the corporation's or limited
26 liability company's Nebraska return for such taxable year.

27 (5) For taxable years beginning or deemed to begin before January 1,
28 2013, in the absence of the nonresident shareholder's or member's
29 executed agreement being attached to the Nebraska return, the corporation
30 or limited liability company shall remit with the return an amount equal
31 to the highest individual income tax rate determined under section

1 77-2715.02 multiplied by the nonresident shareholder's or member's share
2 of the corporation's or limited liability company's income which was
3 derived from or attributable to this state. For taxable years beginning
4 or deemed to begin on or after January 1, 2013, in the absence of the
5 nonresident shareholder's or member's executed agreement being attached
6 to the Nebraska return, the corporation or limited liability company
7 shall remit with the return an amount equal to the highest individual
8 income tax rate determined under section 77-2715.03 multiplied by the
9 nonresident shareholder's or member's share of the corporation's or
10 limited liability company's income which was derived from or attributable
11 to this state. The amount remitted shall be allowed as a credit against
12 the Nebraska income tax liability of the shareholder or member.

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

25 (7) A small business corporation or limited liability company return
26 shall be filed only if one or more of the shareholders of the corporation
27 or members of the limited liability company are not residents of the
28 State of Nebraska or if such corporation or limited liability company has
29 income derived from sources outside this state.

30 (8) For purposes of this section, any shareholder or member of the
31 corporation or limited liability company that is a grantor trust of a

1 nonresident shall be disregarded and this section shall apply as though
2 the nonresident grantor was the shareholder or member.

3 Sec. 32. Section 77-27,132, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 77-27,132 (1) There is hereby created a fund to be designated the
6 Revenue Distribution Fund which shall be set apart and maintained by the
7 Tax Commissioner. Revenue not required to be credited to the General Fund
8 or any other specified fund may be credited to the Revenue Distribution
9 Fund. Credits and refunds of such revenue shall be paid from the Revenue
10 Distribution Fund. The balance of the amount credited, after credits and
11 refunds, shall be allocated as provided by the statutes creating such
12 revenue.

13 (2) The Tax Commissioner shall pay to a depository bank designated
14 by the State Treasurer all amounts collected under the Nebraska Revenue
15 Act of 1967. The Tax Commissioner shall present to the State Treasurer
16 bank receipts showing amounts so deposited in the bank, and of the
17 amounts so deposited the State Treasurer shall:

18 (a) For transactions occurring on or after October 1, 2014, and
19 before October 1, 2022, credit to the Game and Parks Commission Capital
20 Maintenance Fund all of the proceeds of the sales and use taxes imposed
21 pursuant to section 77-2703 on the sale or lease of motorboats as defined
22 in section 37-1204, personal watercraft as defined in section 37-1204.01,
23 all-terrain vehicles as defined in section 60-103, and utility-type
24 vehicles as defined in section 60-135.01;

25 (b) Credit to the Highway Trust Fund all of the proceeds of the
26 sales and use taxes derived from the sale or lease for periods of more
27 than thirty-one days of motor vehicles, trailers, and semitrailers,
28 except that the proceeds equal to any sales tax rate provided for in
29 section 77-2701.02 that is in excess of five and one-half percent derived
30 from the sale or lease for periods of more than thirty-one days of motor
31 vehicles, trailers, and semitrailers shall be credited to the Highway

1 Allocation Fund;

2 (c) For transactions occurring on or after July 1, 2013, and before
3 July 1, 2033, of the proceeds of the sales and use taxes derived from
4 transactions other than those listed in subdivisions (2)(a) and (b) of
5 this section from a sales tax rate of one-quarter of one percent, credit
6 monthly eighty-five percent to the State Highway Capital Improvement Fund
7 and fifteen percent to the Highway Allocation Fund;~~and~~

8 (d) Of the proceeds of the sales and use taxes derived from
9 transactions other than those listed in subdivisions (2)(a) and (b) of
10 this section, credit to the Property Tax Credit Cash Fund the amount
11 certified under section 77-27,237, if any such certification is made;
12 and -

13 (e) Credit to the Property Tax Credit Cash Fund an amount equal to
14 the net increase in state sales and use tax revenue and state income tax
15 revenue received as a result of the changes made by this legislative
16 bill, minus the increase in funds paid to school districts pursuant to
17 the Tax Equity and Educational Opportunities Support Act as a result of
18 the changes made by this legislative bill, minus any appropriations made
19 to pay for the School Financing Review Commission created in section 39
20 of this act, and minus the increase in reimbursements for special
21 education as a result of the changes made by this legislative bill. The
22 amount to be credited under this subdivision shall be determined annually
23 by the Tax Commissioner.

24 The balance of all amounts collected under the Nebraska Revenue Act
25 of 1967 shall be credited to the General Fund.

26 Sec. 33. Section 77-4001, Reissue Revised Statutes of Nebraska, is
27 amended to read:

28 77-4001 Sections 77-4001 to 77-4025 and section 36 of this act shall
29 be known and may be cited as the Tobacco Products Tax Act.

30 Sec. 34. Section 77-4002, Reissue Revised Statutes of Nebraska, is
31 amended to read:

1 77-4002 For purposes of the Tobacco Products Tax Act, unless the
2 context otherwise requires, the definitions found in sections 77-4003 to
3 77-4007 and section 36 of this act shall be used.

4 Sec. 35. Section 77-4007, Reissue Revised Statutes of Nebraska, is
5 amended to read:

6 77-4007 Tobacco products shall mean (1) cigars, (2) cheroots, (3)
7 stogies, (4) periques, (5) granulated, plug cut, crimp cut, ready rubbed,
8 and other smoking tobacco, (6) snuff, (7) snuff flour, (8) cavendish, (9)
9 plug and twist tobacco, (10) fine cut and other chewing tobacco, (11)
10 shorts, refuse scraps, clippings, cuttings, and sweepings of tobacco, ~~and~~
11 (12) other kinds and forms of tobacco, prepared in such manner as to be
12 suitable for chewing or smoking in a pipe or otherwise or both for
13 chewing and smoking, and (13) vapor products, except that tobacco
14 products shall not mean cigarettes as defined in section 77-2601.

15 Sec. 36. Vapor product means any noncombustible product containing
16 nicotine that employs a heating element, power source, electronic
17 circuit, or other electronic, chemical, or mechanical means, regardless
18 of shape or size, that can be used to produce vapor from nicotine in a
19 solution or other form. Vapor product includes any electronic cigarette,
20 electronic cigar, electronic cigarillo, electronic pipe, or similar
21 product or device and any vapor cartridge or other container of nicotine
22 in a solution or other form that is intended to be used with or in an
23 electronic cigarette, electronic cigar, electronic cigarillo, electronic
24 pipe, or similar product or device. Vapor product does not include any
25 product regulated as a drug or device by the United States Food and Drug
26 Administration under Chapter V of the federal Food, Drug, and Cosmetic
27 Act.

28 Sec. 37. Section 77-4025, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 77-4025 There is hereby created a cash fund in the Department of
31 Revenue to be known as the Tobacco Products Administration Cash Fund. All

1 revenue collected or received by the Tax Commissioner from the license
2 fees and taxes imposed by the Tobacco Products Tax Act shall be remitted
3 to the State Treasurer for credit to the Tobacco Products Administration
4 Cash Fund, except that all revenue collected or received from the taxes
5 imposed on vapor products shall be remitted to the State Treasurer for
6 credit to the Property Tax Credit Cash Fund. All costs required for
7 administration of the Tobacco Products Tax Act shall be paid from such
8 fund. Credits and refunds allowed under the act shall be paid from the
9 Tobacco Products Administration Cash Fund. Any receipts, after credits
10 and refunds, in excess of the amounts sufficient to cover the costs of
11 administration may be transferred to the General Fund at the direction of
12 the Legislature. Any money in the Tobacco Products Administration Cash
13 Fund available for investment shall be invested by the state investment
14 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
15 State Funds Investment Act.

16 Sec. 38. Section 79-1005.01, Revised Statutes Cumulative Supplement,
17 2018, is amended to read:

18 79-1005.01 (1) Not later than November 15 of each year, the Tax
19 Commissioner shall certify to the department for the preceding tax year
20 the income tax liability of resident individuals for each local system.

21 (2) For school fiscal years prior to 2017-18, one hundred two
22 million two hundred eighty-nine thousand eight hundred seventeen dollars
23 which is equal to the amount appropriated to the School District Income
24 Tax Fund for distribution in school fiscal year 1992-93 shall be
25 disbursed as option payments as determined under section 79-1009 and as
26 allocated income tax funds as determined in this section and sections
27 79-1008.01, 79-1015.01, 79-1017.01, and 79-1018.01, except as provided in
28 section 79-1008.02 for school fiscal years prior to school fiscal year
29 2017-18. For school fiscal years prior to school fiscal year 2017-18,
30 funds not distributed as allocated income tax funds due to minimum levy
31 adjustments shall not increase the amount available to local systems for

1 distribution as allocated income tax funds.

2 (3) Using the data certified by the Tax Commissioner pursuant to
3 subsection (1) of this section, the department shall calculate the
4 allocation percentage and each local system's allocated income tax funds.
5 The allocation percentage shall be the amount stated in subsection (2) of
6 this section minus the total amount paid for option students pursuant to
7 section 79-1009, with the difference divided by the aggregate statewide
8 income tax liability of all resident individuals certified pursuant to
9 subsection (1) of this section. Each local system's allocated income tax
10 funds shall be calculated by multiplying the allocation percentage times
11 the local system's income tax liability certified pursuant to subsection
12 (1) of this section.

13 (4) For school fiscal years ~~year~~ 2017-18 through 2019-20 ~~and each~~
14 ~~school fiscal year thereafter~~, each local system's allocated income tax
15 funds shall be calculated by multiplying the local system's income tax
16 liability certified pursuant to subsection (1) of this section by two and
17 twenty-three hundredths percent.

18 (5) For school fiscal year 2020-21 and each school fiscal year
19 thereafter, each local system's allocated income tax funds shall be
20 calculated by multiplying the local system's income tax liability
21 certified pursuant to subsection (1) of this section by twenty percent.

22 Sec. 39. (1) The School Financing Review Commission is created. The
23 commission shall consist of eighteen members, including: (a) Three
24 members of the Legislature, including one member of the Revenue Committee
25 of the Legislature, one member of the Education Committee of the
26 Legislature, and one member of the Appropriations Committee of the
27 Legislature, appointed by the Executive Board of the Legislative Council;
28 (b) the Property Tax Administrator or his or her designee, who shall be a
29 nonvoting, ex officio member; (c) the council director of the Educational
30 Service Unit Coordinating Council; (d) the Commissioner of Education or
31 his or her designee; (e) a representative of the Governor selected by the

1 Governor; (f) two members representing postsecondary education with
2 expertise in the area of school finance; (g) two members who reside in a
3 Class III school district, one of whom shall be a school administrator
4 and one of whom shall be a school board member; (h) two members who
5 reside in a Class IV school district, one of whom shall be a school
6 administrator and one of whom shall be a school board member; (i) two
7 members who reside in a Class V school district, one of whom shall be a
8 school administrator and one of whom shall be a school board member; and
9 (j) three members from the state at large, one from each congressional
10 district, who reside in school districts of varied sizes and with varying
11 percentages of limited English proficiency students and poverty students.
12 At least one of the members appointed pursuant to this subdivision shall
13 have experience in the teaching profession in public schools, at least
14 one shall have experience in business, and at least one shall have
15 experience in agriculture-related business.

16 (2) The members described in subdivisions (1)(f) through (j) of this
17 section shall be appointed by the Commissioner of Education to serve
18 through December 31, 2026. To the extent possible, the membership of the
19 commission shall be diverse in terms of race, gender, and other
20 demographic factors. Vacancies shall be filled by the Commissioner of
21 Education for the remainder of the term. The Commissioner of Education or
22 his or her designee shall be the chairperson of the commission, and the
23 commission shall elect a vice-chairperson from among its members. Members
24 of the commission shall not receive any compensation for their services
25 but shall be reimbursed for their actual and necessary expenses incurred
26 as members of the commission as provided in sections 81-1174 to 81-1177.

27 (3) The commission shall cease to exist on December 31, 2026, unless
28 extended by the Legislature.

29 (4) For administrative purposes, the commission shall be housed
30 within the State Department of Education.

31 Sec. 40. (1) The School Financing Review Commission shall conduct

1 an in-depth review of the financing of the public elementary and
2 secondary schools. The commission shall:

3 (a) Examine the option of using income as a component in the
4 financing of schools;

5 (b) Examine the option of using sales tax as a component in the
6 financing of schools, including, but not limited to, an examination of
7 the experience of any other states with such option;

8 (c) Examine financing methods used in other states which offer
9 alternatives to heavy reliance on property tax;

10 (d) Examine financing issues as they relate to the quality and
11 performance of the schools;

12 (e) Examine options for funding expanded prekindergarten services;

13 (f) Examine options for funding college-readiness and career-
14 readiness programs, including, but not limited to, programs of
15 excellence, dual-enrollment courses, and career academies;

16 (g) Examine the costs and resources necessary to educate poverty
17 students and limited English proficiency students;

18 (h) Examine methods used by other states to fund kindergarten
19 through twelfth grade infrastructure needs;

20 (i) Examine other issues related to public elementary and secondary
21 school finance as necessary and as determined by the chairperson;

22 (j) Prepare a report on the progress of the work of the commission
23 and submit it electronically to the Legislature on or before December 31,
24 2020; and

25 (k) Prepare a preliminary report and present it to the Legislative
26 Council in November 2021. A final report with recommendations on
27 maintaining adequate and equitable funding for public schools in light of
28 information gathered through the review shall be presented to the
29 Governor, the State Board of Education, and the Legislature by December
30 1, 2021.

31 (2) On and after December 1, 2021, to assure that every Nebraskan is

1 educated for success, the commission shall:

2 (a) Review the mission of providing Nebraskans the opportunity to
3 acquire the necessary skills and knowledge to be productive individuals;

4 (b) Review, make recommendations on, and report on the progress of
5 the goals established by the Legislature and the State Department of
6 Education. The committee may solicit comments, concerns, and case studies
7 from all sizes of schools in Nebraska and develop best practices for
8 implementing and achieving such goals; and

9 (c) Review the implementation of the Tax Equity and Educational
10 Opportunities Support Act and the implementation of any recommendations
11 contained in reports issued under section 41 of this act.

12 Sec. 41. On or before July 1 of each even-numbered year beginning
13 in 2022, the School Financing Review Commission shall report to the
14 Governor, to the State Board of Education, and electronically to the
15 Legislature on the adequacy of school funding sources. The State
16 Department of Education and the staff of the Revenue Committee, the
17 Education Committee, and the Appropriations Committee of the Legislature,
18 with the consent of the chairpersons of such committees, may assist as
19 needed and requested by the chairperson of the commission in accordance
20 with guidelines developed by the commission.

21 Sec. 42. The School Financing Review Commission may:

22 (1) Hire staff, including, but not limited to, consultants; and

23 (2) Obtain assistance from the State Department of Education and the
24 Department of Revenue in acquiring data needed to carry out its duties.

25 Sec. 43. It is the intent of the Legislature to appropriate at
26 least one hundred thousand dollars from the General Fund to the School
27 Financing Review Commission to carry out its duties.

28 Sec. 44. Section 79-1142, Reissue Revised Statutes of Nebraska, is
29 amended to read:

30 79-1142 (1) Level I services refers to services provided to children
31 with disabilities who require an aggregate of not more than three hours

1 per week of special education services and support services and includes
2 all administrative, diagnostic, consultative, and vocational-adjustment
3 counselor services.

4 (2) The total statewide reimbursement for allowable reimbursable
5 cost for support services shall not exceed ten percent of the a
6 ~~percentage, established by the State Board of Education, of the school~~
7 ~~district's or approved cooperative's~~ total allowable reimbursable cost
8 for all special education programs and support services. ~~The percentage~~
9 ~~established by the State Board of Education for support services shall~~
10 ~~not exceed the difference of ten percent minus the total percentage of~~
11 ~~the appropriations for special education approved by the Legislature set~~
12 ~~aside for~~ reimbursements for support services pursuant to subsection (5)
13 of this section.

14 (3) For special education and support services provided in each
15 school fiscal year, the State Department of Education shall reimburse
16 each school district in the following school fiscal year eighty percent
17 of the a pro rata amount determined by the department. ~~The reimbursement~~
18 ~~percentage shall be the ratio of the difference of the appropriations for~~
19 ~~special education approved by the Legislature minus the amounts set aside~~
20 ~~pursuant to subsection (5) of this section divided by the total allowable~~
21 ~~excess costs for all special education programs and support services~~ for
22 such school district.

23 (4) Cooperatives of school districts or educational service units
24 shall also be eligible for reimbursement for cooperative programs
25 pursuant to this section if such cooperatives or educational service
26 units have complied with the reporting and approval requirements of
27 section 79-1155 for cooperative programs which were offered the preceding
28 year. The payments shall be made by the department to the school district
29 of residence, cooperative of school districts, or educational service
30 unit each year in a minimum of seven payments between the fifth and
31 twentieth day of each month beginning in December. Additional payments

1 may be made based upon additional valid claims submitted. The State
2 Treasurer shall, between the fifth and twentieth day of each month,
3 notify the Director of Administrative Services of the amount of funds
4 available in the General Fund for payment purposes. The director shall,
5 upon receiving such certification, draw warrants against funds
6 appropriated.

7 (5) On and after August 1, 2010, residential settings described in
8 subdivision (10)(c) of section 79-215 shall be reimbursed for the
9 educational services, including special education services and support
10 services, provided pursuant to such subdivision on or after August 1,
11 2010, in an amount determined pursuant to the average per pupil cost of
12 the service agency. Reimbursements pursuant to this section shall be made
13 from funds set aside for such purpose within sixty days after receipt of
14 a reimbursement request submitted in the manner required by the
15 department and including any documentation required by the department for
16 educational services that have been provided, except that if there are
17 not any funds available for the remainder of the state fiscal year for
18 such reimbursements, the reimbursement shall occur within thirty days
19 after the beginning of the immediately following state fiscal year. The
20 department may audit any required documentation and subtract any payments
21 made in error from future reimbursements. The State Board of Education
22 shall set aside separate amounts from the appropriations for special
23 education approved by the Legislature for reimbursements pursuant to this
24 subsection for students receiving special education services and for
25 students receiving support services for each state fiscal year. The
26 amounts set aside for each purpose shall be based on estimates of the
27 reimbursements to be requested during the state fiscal year and shall not
28 be less than the total amount of reimbursements requested in the prior
29 state fiscal year plus any unpaid requests from the prior state fiscal
30 year.

31 Sec. 45. Section 79-1144, Revised Statutes Cumulative Supplement,

1 2018, is amended to read:

2 79-1144 (1) Funds shall be appropriated by the Legislature to carry
3 out sections 79-1142 to 79-1144 and 79-1147. Such funds shall be
4 channeled through the State Department of Education. The department is
5 authorized to expend such funds upon proper vouchers approved by the
6 department and warrants issued by the Director of Administrative Services
7 for financial reimbursement to school districts, educational service
8 units, special education cooperatives created by school districts,
9 agencies, and parents or guardians, including (a) reimbursement pursuant
10 to section 79-1129 for ~~eighty percent of actual transportation expenses~~
11 ~~per year for children with disabilities a pro rata amount which shall be~~
12 ~~determined by the State Board of Education from appropriations for~~
13 ~~special education approved by the Legislature based on all actual~~
14 ~~allowable transportation costs for children with disabilities,~~ (b)
15 reimbursement for instructional aids and consultative, supervisory,
16 research, and testing services to school districts, and (c) reimbursement
17 for salaries, wages, maintenance, supplies, travel, and other expenses
18 essential to carrying out the provisions for special education programs.
19 Minor building modifications shall not be eligible for state
20 reimbursement as an allowable expense. Applications for state
21 reimbursement for actual transportation ~~costs~~ expenses shall be submitted
22 to the department annually on a date and on forms prescribed by the
23 department. Amendments to applications for actual transportation costs
24 ~~expenses~~ shall be submitted on dates prescribed by the department during
25 the school year in which the original application was made.

26 (2) Any adjustment of payments pursuant to section 79-1065 caused by
27 the failure of a school district to meet federal spending requirements
28 under the federal Individuals with Disabilities Education Act as such act
29 existed on January 1, 2017, may be used by the department to reimburse
30 the United States Department of Education in the amount of the federal
31 funds awarded to such school district or the amount of such adjustment,

1 whichever is less.

2 Sec. 46. Section 79-1145, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 79-1145 (1) For each fiscal year prior to fiscal year 2014-15, the
5 aggregate amount of General Funds appropriated for special education
6 programs and support services pursuant to sections 79-1129, 79-1132, and
7 79-1144 shall not exceed the aggregate amount of General Funds
8 appropriated pursuant to such sections for the previous fiscal year,
9 increased by five percent.

10 (2) For fiscal year 2014-15 and each fiscal year thereafter through
11 fiscal year 2019-20, the aggregate amount of General Funds appropriated
12 for special education programs and support services pursuant to sections
13 79-1129, 79-1132, and 79-1144 shall not exceed the aggregate amount of
14 General Funds appropriated pursuant to such sections for the previous
15 fiscal year, increased by ten percent. For purposes of this section, for
16 fiscal year 2016-17 the aggregate amount of General Funds appropriated
17 for special education programs and support services pursuant to sections
18 79-1129, 79-1132, and 79-1144 for the previous fiscal year shall be the
19 net amount after any decrease required pursuant to section 43-2515.

20 Sec. 47. Section 81-3706, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 81-3706 Consideration means the monetary charge for the use of space
23 in a hotel only if the space is one ordinarily used for accommodations.
24 Consideration includes any intermediary fees charged by an online travel
25 company for booking space in a hotel through such company's online
26 platform. Consideration does ~~and shall~~ not include the charge for any
27 food or beverage served or personal services rendered to the occupant of
28 such space.

29 Sec. 48. Section 81-3722, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 81-3722 (1) Unless otherwise specifically provided, any sales tax

1 on transient lodging imposed under the Nebraska Visitors Development Act
2 is in addition to that sales tax imposed under the provisions of Chapter
3 77, article 27, and shall be interpreted, collected, remitted, and
4 enforced by the Tax Commissioner under the provisions of such article.
5 The hotel is responsible for collecting and remitting all such sales
6 taxes, except that if the hotel space is rented through an online travel
7 company that charges an intermediary fee for booking such space, the
8 online travel company is responsible for collecting and remitting all
9 such sales taxes.

10 (2) Any sales tax on transient lodging imposed under the Nebraska
11 Visitors Development Act shall be due and payable to the Tax Commissioner
12 monthly on or before the twenty-fifth day of the month next succeeding
13 each monthly period.

14 Sec. 49. Sections 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18,
15 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36,
16 37, 38, 39, 40, 41, 42, 43, 47, 48, 50, and 52 of this act become
17 operative on January 1, 2020. Sections 44, 45, 46, and 51 of this act
18 become operative on July 1, 2020. The other sections of this act become
19 operative on July 1, 2019.

20 Sec. 50. Original sections 76-901, 76-903, 77-202, 77-382, 77-693,
21 77-801, 77-1116, 77-1238, 77-1248, 77-1327, 77-2602, 77-2701, 77-2701.02,
22 77-2701.16, 77-2704.24, 77-2715, 77-2715.07, 77-2715.09, 77-2716,
23 77-2716.01, 77-2717, 77-2734.01, 77-27,132, 77-4001, 77-4002, 77-4007,
24 77-4025, 81-3706, and 81-3722, Reissue Revised Statutes of Nebraska, and
25 sections 44-1095, 53-160, 53-187, and 79-1005.01, Revised Statutes
26 Cumulative Supplement, 2018, are repealed.

27 Sec. 51. Original sections 79-1142 and 79-1145, Reissue Revised
28 Statutes of Nebraska, and section 79-1144, Revised Statutes Cumulative
29 Supplement, 2018, are repealed.

30 Sec. 52. The following sections are outright repealed: Sections
31 77-2704.65 and 77-2704.67, Reissue Revised Statutes of Nebraska.

1 Sec. 53. Since an emergency exists, this act takes effect when
2 passed and approved according to law.