

AMENDMENTS TO LB647

Introduced by Revenue.

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

3           **Section 1.** Sections 1 to 6 of this act shall be known and may be  
4 cited as the Recreational Trail Easement Property Tax Exemption Act.

5           **Sec. 2.** The Legislature finds and declares that the purpose of the  
6 Recreational Trail Easement Property Tax Exemption Act is to serve a  
7 public purpose by:

8           (1) Promoting public health and wellness through access to  
9 recreational trails;

10           (2) Encouraging economic development and tourism by expanding  
11 regional and state trail systems;

12           (3) Supporting environmental conservation by protecting and  
13 maintaining open spaces for recreational use; and

14           (4) Enhancing connectivity between communities, cultural landmarks,  
15 and natural resources to provide equitable access for all Nebraskans.

16           **Sec. 3.** For purposes of the Recreational Trail Easement Property  
17 Tax Exemption Act:

18           (1) Eligible holder means:

19           (a) A municipality, county, agency, or a land trust accredited by  
20 the Land Trust Alliance authorized to hold recreational trail easements  
21 within the State of Nebraska; or

22           (b) A nonprofit organization with a mission explicitly aligned with  
23 public access, recreational land conservation, and community benefit,  
24 authorized to hold recreational trail easements within the State of  
25 Nebraska; and

26           (2) Recreational trail easement means a perpetual easement granting  
27 public access for recreational use, including, but not limited to,

1 walking, hiking, bicycling, and equestrian activities.

2 Sec. 4. (1) A taxpayer who encumbers their property with a  
3 perpetual recreational trail easement is eligible for an annual property  
4 tax exemption equal to ten cents for each square foot of the property  
5 encumbered by the easement.

6 (2) If the exemption amount exceeds the taxpayer's property tax  
7 liability for the taxable year, the excess amount may not be carried  
8 forward to subsequent years.

9 Sec. 5. (1) To qualify for the property tax exemption:

10 (a) The easement shall:

11 (i) Be perpetual and recorded with the appropriate county register  
12 of deeds;

13 (ii) Provide public access and connect to existing or planned  
14 regional trails or significant local attractions, such as parks,  
15 waterways, cultural sites, or residential areas; and

16 (iii) Be held by an eligible holder, including nonprofit  
17 organizations that demonstrate:

18 (A) A primary mission of promoting public access, health, and  
19 wellness through recreational land use;

20 (B) A commitment to environmental conservation and land stewardship;  
21 and

22 (C) Capacity to oversee and manage trail easements independently or  
23 through partnerships with accredited entities, ensuring compliance with  
24 public access goals; and

25 (b) A taxpayer shall submit an application on forms prescribed by  
26 the Tax Commissioner to the county assessor on or before December 31 of  
27 the year in which the exemption will begin. Such application shall  
28 include:

29 (i) Proof of the recorded easement; and

30 (ii) Certification from the eligible holder confirming compliance  
31 with public access and connectivity requirements.

1           (2) Within thirty days after receiving the application, the county  
2 assessor shall approve or deny the application.

3           **Sec. 6.** The Department of Revenue shall adopt and promulgate rules  
4 and regulations necessary to carry out the Recreational Trail Easement  
5 Property Tax Exemption Act. Such rules and regulations shall include:

6           (1) Clear guidelines for nonprofit organizations to demonstrate  
7 their eligibility as holders of recreational trail easements, ensuring  
8 alignment with public access and conservation goals;

9           (2) Procedures for certifying the public benefit of qualifying  
10 easements, including requirements for connectivity to existing or planned  
11 trail systems; and

12           (3) Methods for ensuring compliance with the public purpose outlined  
13 in the act.

14           **Sec. 7.** Sections 7 to 9 of this act shall be known and may be cited  
15 as the Adoption Tax Credit Act.

16           **Sec. 8.** (1) For taxable years beginning or deemed to begin on or  
17 after January 1, 2026, under the Internal Revenue Code of 1986, as  
18 amended, there shall be allowed a credit against the income tax imposed  
19 by the Nebraska Revenue Act of 1967 for any taxpayer that is eligible for  
20 the federal adoption expenses tax credit provided in 26 U.S.C. 23.

21           (2) The credit shall be a refundable credit equal to ten percent of  
22 the federal tax credit allowed to the taxpayer under 26 U.S.C. 23 in the  
23 same taxable year.

24           **Sec. 9.** The Department of Revenue may adopt and promulgate rules  
25 and regulations to carry out the Adoption Tax Credit Act.

26           **Sec. 10.** Section 13-518, Revised Statutes Cumulative Supplement,  
27 2024, is amended to read:

28           13-518 For purposes of sections 13-518 to 13-522:

29           (1) Allowable growth means (a) for governmental units other than  
30 community colleges, the percentage increase in taxable valuation in  
31 excess of the base limitation established under section 77-3446, if any,

1 due to (i) improvements to real property as a result of new construction  
2 and ~~7~~ additions to existing buildings, (ii) any other improvements to  
3 real property which increase the value of such property, (iii) ~~and~~ any  
4 increase in valuation due to annexation of real property by the  
5 governmental unit, (iv) a change in the use of real property, (v) ~~and~~ any  
6 increase in personal property valuation over the prior year, and (vi) the  
7 accumulated excess valuation over the redevelopment project valuation  
8 described in section 18-2147 of the Community Development Law for  
9 redevelopment projects within the governmental unit in the year  
10 immediately after the division of taxes for such redevelopment project  
11 has ended and (b) for community colleges, the percentage increase in  
12 excess of the base limitation, if any, in full-time equivalent students  
13 from the second year to the first year preceding the year for which the  
14 budget is being determined;

15 (2) Capital improvements means (a) acquisition of real property or  
16 (b) acquisition, construction, or extension of any improvements on real  
17 property;

18 (3) Governing body has the same meaning as in section 13-503, except  
19 that for fiscal years beginning on or after July 1, 2025, such term shall  
20 not include the governing body of any county, city, or village;

21 (4) Governmental unit means every political subdivision which has  
22 authority to levy a property tax or authority to request levy authority  
23 under section 77-3443, except that such term shall not include (a)  
24 sanitary and improvement districts which have been in existence for five  
25 years or less, (b) school districts, or (c) for fiscal years beginning on  
26 or after July 1, 2025, counties, cities, or villages;

27 (5) Qualified sinking fund means a fund or funds maintained  
28 separately from the general fund to pay for acquisition or replacement of  
29 tangible personal property with a useful life of five years or more which  
30 is to be undertaken in the future but is to be paid for in part or in  
31 total in advance using periodic payments into the fund. The term includes

1 sinking funds under subdivision (13) of section 35-508 for firefighting  
2 and rescue equipment or apparatus;

3 (6) Restricted funds means (a) property tax, excluding any amounts  
4 refunded to taxpayers, (b) payments in lieu of property taxes, (c) local  
5 option sales taxes, (d) motor vehicle taxes, (e) state aid, (f) transfers  
6 of surpluses from any user fee, permit fee, or regulatory fee if the fee  
7 surplus is transferred to fund a service or function not directly related  
8 to the fee and the costs of the activity funded from the fee, (g) any  
9 funds excluded from restricted funds for the prior year because they were  
10 budgeted for capital improvements but which were not spent and are not  
11 expected to be spent for capital improvements, (h) the tax provided in  
12 sections 77-27,223 to 77-27,227 beginning in the second fiscal year in  
13 which the county will receive a full year of receipts, and (i) any excess  
14 tax collections returned to the county under section 77-1776. Funds  
15 received pursuant to the nameplate capacity tax levied under section  
16 77-6203 for the first five years after a renewable energy generation  
17 facility has been commissioned are nonrestricted funds; and

18 (7) State aid means:

19 (a) For all governmental units, state aid paid pursuant to sections  
20 60-3,202 and 77-3523 and reimbursement provided pursuant to section  
21 77-1239;

22 (b) For municipalities, state aid to municipalities paid pursuant to  
23 sections 39-2501 to 39-2520, 60-3,190, and 77-27,139.04 and insurance  
24 premium tax paid to municipalities;

25 (c) For counties, state aid to counties paid pursuant to sections  
26 60-3,184 to 60-3,190, insurance premium tax paid to counties, and  
27 reimbursements to counties from funds appropriated pursuant to section  
28 29-3933;

29 (d) For community colleges, state aid to community colleges paid  
30 pursuant to the Community College Aid Act;

31 (e) For educational service units, state aid appropriated under

1 sections 79-1241.01 and 79-1241.03; and

2 (f) For local public health departments as defined in section  
3 71-1626, state aid as distributed under section 71-1628.08.

4 **Sec. 11.** Section 13-3402, Revised Statutes Cumulative Supplement,  
5 2024, is amended to read:

6 13-3402 For purposes of the Property Tax Growth Limitation Act:

7 (1) Approved bonds means bonds as defined in subdivision (1) of  
8 section 10-134 that are approved according to law, excluding any bonds  
9 issued to finance a project or projects if the issuance of bonds for such  
10 project or projects was the subject of a general obligation bond election  
11 held at the most recent regularly scheduled election and was not approved  
12 at such election;

13 (2) Auditor means the Auditor of Public Accounts;

14 (3) Emergency means an emergency, as defined in section 81-829.39,  
15 for which a state of emergency proclamation or local state of emergency  
16 proclamation has been issued under the Emergency Management Act;

17 (4) Growth percentage means the percentage obtained by dividing (a)  
18 the political subdivision's growth value by (b) the political  
19 subdivision's total property valuation from the prior year;

20 (5) Growth value means the increase in a political subdivision's  
21 total property valuation from the prior year to the current year due to  
22 (a) improvements to real property as a result of new construction and  
23 additions to existing buildings, (b) any other improvements to real  
24 property which increase the value of such property, (c) annexation of  
25 real property by the political subdivision, (d) a change in the use of  
26 real property, (e) any increase in personal property valuation over the  
27 prior year, and (f) the accumulated increase in excess valuation over the  
28 redevelopment project valuation described in section 18-2147 of the  
29 Community Development Law for redevelopment projects within the political  
30 subdivision in the year immediately after the division of taxes for such  
31 redevelopment project has ended , ~~provided the accumulated excess~~

1 ~~valuation which exists as of July 1, 2025, shall be included in the~~  
2 ~~calculation of the increase in excess valuation for the political~~  
3 ~~subdivision's first fiscal year beginning on or after July 1, 2025;~~

4 (6) Inflation percentage means the ~~annual~~ percentage change in the  
5 State and Local Consumption Expenditures and Gross Investment for the  
6 twelve-month period ending on December 31 of the prior year, as reported  
7 by March 31 of the current year by the United States Bureau of Economic  
8 Analysis for December of the prior calendar year for the preceding  
9 twelve-month period;

10 (7) Political subdivision means any county, city, or village;

11 (8) Property tax request means the total amount of property taxes  
12 requested to be raised for a political subdivision through the levy  
13 imposed pursuant to section 77-1601;

14 (9) Property tax request authority means the amount that may be  
15 included in a political subdivision's property tax request as determined  
16 pursuant to the Property Tax Growth Limitation Act; and

17 (10) State aid means:

18 (a) For all political subdivisions, state aid paid pursuant to  
19 sections 60-3,202 and 77-3523 and reimbursement provided pursuant to  
20 section 77-1239;

21 (b) For cities and villages, state aid to cities and villages paid  
22 pursuant to sections 39-2501 to 39-2520, 60-3,190, and 77-27,139.04 and  
23 insurance premium tax paid to cities and villages; and

24 (c) For counties, state aid to counties paid pursuant to sections  
25 60-3,184 to 60-3,190, insurance premium tax paid to counties, and  
26 reimbursements to counties from funds appropriated pursuant to section  
27 29-3933.

28 **Sec. 12.** Section 13-3403, Revised Statutes Cumulative Supplement,  
29 2024, is amended to read:

30 13-3403 (1) Except as otherwise provided in the Property Tax Growth  
31 Limitation Act, for fiscal years beginning on or after July 1, 2025, a

1 political subdivision's property tax request for any year shall not  
2 exceed its property tax request authority as determined under this  
3 section. The preliminary property tax request authority for each  
4 political subdivision shall be the amount of property taxes requested and  
5 approved by each levied by the county board of equalization pursuant to  
6 section 77-1601 for such political subdivision and included on the budget  
7 document filed with the auditor in the prior fiscal year pursuant to  
8 subsection (2) of section 13-506, less the sum of exceptions utilized in  
9 the prior year pursuant to subdivisions (1) to (7) of section 13-3404.

10 (2) In addition to the preliminary property tax request authority,  
11 the political subdivision's property tax request authority may be  
12 increased by ~~the product of:~~

13 (a) The product of (i) the amount of property taxes levied in the  
14 prior year increased by the political subdivision's growth percentage,  
15 less the sum of exceptions utilized in the prior year pursuant to  
16 subdivisions (1) and (2) of section 13-3404, and (ii) the political  
17 subdivision's growth percentage; and

18 (b) The product of (i) the amount of property taxes levied in the  
19 prior year, less the sum of exceptions utilized in the prior year  
20 pursuant to subdivisions (1) and (2) of section 13-3404, and (ii) the  
21 greater of zero or the inflation percentage.

22 **Sec. 13.** Section 13-3405, Revised Statutes Cumulative Supplement,  
23 2024, is amended to read:

24 13-3405 (1) A political subdivision may increase its property tax  
25 request authority over the amount determined under section 13-3403 if  
26 such increase is approved by a majority of legal voters voting on the  
27 issue at an election described in subsection (2) of this section. Such  
28 issue shall be placed on the ballot (a) upon the recommendation of the  
29 governing body of such political subdivision or (b) upon the receipt by  
30 the county clerk or election commissioner of a petition requesting such  
31 issue to be placed on the ballot which is signed by at least five percent

1 of the legal voters of the political subdivision. The recommendation of  
2 the governing body or the petition of the legal voters shall include the  
3 amount by which the political subdivision would increase its property tax  
4 request authority over and above the amount determined under section  
5 13-3403.

6 (2) Upon receipt of such recommendation or legal voter petition, the  
7 county clerk or election commissioner shall place such issue on the  
8 ballot at the next regularly scheduled election or a special election  
9 called for such purpose ~~and held on the first Tuesday after the second~~  
10 ~~Monday in May of an odd-numbered year.~~ The election shall be held  
11 pursuant to the Election Act, and all costs shall be paid by the  
12 political subdivision. The issue may be approved on the same question as  
13 a vote to exceed the levy limits provided in section 77-3444. If a  
14 majority of the votes cast on the issue are in favor of increasing the  
15 political subdivision's property tax request authority, the political  
16 subdivision shall be empowered to do so.

17 **Sec. 14.** Section 13-3406, Revised Statutes Cumulative Supplement,  
18 2024, is amended to read:

19 13-3406 (1) A political subdivision may choose not to increase its  
20 total property taxes levied by the full amount of the property tax  
21 request authority allowed in a particular year. In such cases, the  
22 political subdivision may carry forward to future budget years the amount  
23 of unused property tax request authority, but accumulation of unused  
24 property tax request authority shall not exceed an aggregate of five  
25 percent of the total property tax request authority from the prior year.

26 (2) A political subdivision may choose to convert its accumulated  
27 amount of unused restricted funds authority existing on June 30, 2025, as  
28 determined in accordance with section 13-521, into unused property tax  
29 request authority. The amount converted may then be used by the political  
30 subdivision as unused property tax request authority for fiscal years  
31 beginning on or after July 1, 2025. The amount converted shall not exceed

1 five percent of the total property taxes levied for the political  
2 subdivision in calendar year 2024.

3 **Sec. 15.** Section 14-109, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 14-109 (1)(a) The city council of a city of the metropolitan class  
6 shall have power to tax for revenue, license, and regulate any person  
7 within the limits of the city by ordinance except as otherwise provided  
8 in this section. Such tax may include both a tax for revenue and license.  
9 The city council may raise revenue by levying and collecting a tax on any  
10 occupation or business within the limits of the city. After March 27,  
11 2014, any occupation tax imposed pursuant to this section shall make a  
12 reasonable classification of businesses, users of space, or kinds of  
13 transactions for purposes of imposing such tax, except that no occupation  
14 tax shall be imposed on any transaction which is subject to tax under  
15 section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602,  
16 or 77-4008 or which is exempt from tax under section 77-2704.24. The  
17 ~~occupation tax shall be imposed in the manner provided in section~~  
18 ~~18-1208, except that section 18-1208 does not apply to an occupation tax~~  
19 ~~subject to section 86-704.~~ All such taxes shall be uniform in respect to  
20 the class upon which they are imposed. All scientific and literary  
21 lectures and entertainments shall be exempt from taxation, as well as  
22 concerts and all other musical entertainments given exclusively by the  
23 citizens of the city. It shall be the duty of the city clerk to deliver  
24 to the city treasurer a copy of the ordinance levying such tax.

25 (b) For purposes of this subsection, limits of the city does not  
26 include the extraterritorial zoning jurisdiction of such city.

27 (2)(a) Except as otherwise provided in subdivision (c) of this  
28 subsection, the city council shall also have the power to require any  
29 individual whose primary residence or person who owns a place of business  
30 which is within the limits of the city and that owns and operates a motor  
31 vehicle within such limits to annually register such motor vehicle in

1 such manner as may be provided and to require such person to pay an  
2 annual motor vehicle fee therefor and to require the payment of such fee  
3 upon the change of ownership of such vehicle. All such fees which may be  
4 provided for under this subsection shall be credited to a separate fund  
5 of the city, thereby created, to be used exclusively for constructing,  
6 repairing, maintaining, or improving streets, roads, alleys, public ways,  
7 or parts of such streets, roads, alleys, or ways or for the amortization  
8 of bonded indebtedness when created for such purposes.

9 (b) No motor vehicle fee shall be required under this subsection if  
10 (i) a vehicle is used or stored but temporarily in such city for a period  
11 of six months or less in a twelve-month period, (ii) an individual does  
12 not have a primary residence or a person does not own a place of business  
13 within the limits of the city and does not own and operate a motor  
14 vehicle within the limits of the city, or (iii) an individual is a full-  
15 time student attending a postsecondary institution within the limits of  
16 the city and the motor vehicle's situs under the Motor Vehicle  
17 Certificate of Title Act is different from the place at which he or she  
18 is attending such institution.

19 (c) After December 31, 2012, no motor vehicle fee shall be required  
20 of any individual whose primary residence is within the extraterritorial  
21 zoning jurisdiction of such city or any person who owns a place of  
22 business within such jurisdiction.

23 (d) For purposes of this subsection, limits of the city includes the  
24 extraterritorial zoning jurisdiction of such city.

25 (3) For purposes of this section, person includes bodies corporate,  
26 societies, communities, the public generally, individuals, partnerships,  
27 limited liability companies, joint-stock companies, cooperatives, and  
28 associations. Person does not include any federal, state, or local  
29 government or any political subdivision thereof.

30 **Sec. 16.** Section 15-202, Reissue Revised Statutes of Nebraska, is  
31 amended to read:

1           15-202 A city of the primary class shall have the power to levy  
2 taxes for general revenue purposes on all property within the corporate  
3 limits of the city taxable according to the laws of Nebraska and to levy  
4 an occupation tax on public service property or corporations in such  
5 amounts as may be proper and necessary, in the judgment of the mayor and  
6 city council, for purposes of revenue. All such taxes shall be uniform  
7 with respect to the class upon which they are imposed. The occupation tax  
8 may be based upon a certain percentage of the gross receipts of such  
9 public service corporation or upon such other basis as may be determined  
10 upon by the mayor and city council. After March 27, 2014, any occupation  
11 tax imposed pursuant to this section shall make a reasonable  
12 classification of businesses, users of space, or kinds of transactions  
13 for purposes of imposing such tax, except that no occupation tax shall be  
14 imposed on any transaction which is subject to tax under section 53-160,  
15 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602, or 77-4008 or  
16 which is exempt from tax under section 77-2704.24. ~~The occupation tax~~  
17 ~~shall be imposed in the manner provided in section 18-1208, except that~~  
18 ~~section 18-1208 does not apply to an occupation tax subject to section~~  
19 ~~86-704.~~

20           **Sec. 17.** Section 15-203, Reissue Revised Statutes of Nebraska, is  
21 amended to read:

22           15-203 A city of the primary class shall have power to raise revenue  
23 by levying and collecting a license or occupation tax on any person,  
24 partnership, limited liability company, corporation, or business within  
25 the limits of the city and regulate the same by ordinance except as  
26 otherwise provided in this section and in section 15-212. After March 27,  
27 2014, any occupation tax imposed pursuant to this section shall make a  
28 reasonable classification of businesses, users of space, or kinds of  
29 transactions for purposes of imposing such tax, except that no occupation  
30 tax shall be imposed on any transaction which is subject to tax under  
31 section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602,

1 or 77-4008 or which is exempt from tax under section 77-2704.24. The  
2 ~~occupation tax shall be imposed in the manner provided in section~~  
3 ~~18-1208, except that section 18-1208 does not apply to an occupation tax~~  
4 ~~subject to section 86-704.~~ All such taxes shall be uniform in respect to  
5 the class upon which they are imposed. All scientific and literary  
6 lectures and entertainments shall be exempt from such taxation as well as  
7 concerts and all other musical entertainments given exclusively by the  
8 citizens of the city.

9 **Sec. 18.** Section 16-205, Reissue Revised Statutes of Nebraska, is  
10 amended to read:

11 16-205 A city of the first class may raise revenue by levying and  
12 collecting a license or occupation tax on any person, partnership,  
13 limited liability company, corporation, or business within the limits of  
14 the city and may regulate the same by ordinance. After March 27, 2014,  
15 any occupation tax imposed pursuant to this section shall make a  
16 reasonable classification of businesses, users of space, or kinds of  
17 transactions for purposes of imposing such tax, except that no occupation  
18 tax shall be imposed on any transaction which is subject to tax under  
19 section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602,  
20 or 77-4008 or which is exempt from tax under section 77-2704.24. The  
21 ~~occupation tax shall be imposed in the manner provided in section~~  
22 ~~18-1208, except that section 18-1208 does not apply to an occupation tax~~  
23 ~~subject to section 86-704.~~ All such taxes shall be uniform in respect to  
24 the class upon which they are imposed. All scientific and literary  
25 lectures and entertainments shall be exempt from such taxation as well as  
26 concerts and all other musical entertainments given exclusively by the  
27 citizens of the city.

28 **Sec. 19.** Section 17-525, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30 17-525 Cities of the second class and villages shall have power to  
31 raise revenue by levying and collecting a license tax on any occupation

1 or business within the limits of the city or village and regulate such  
2 occupation or business by ordinance. After March 27, 2014, any occupation  
3 tax imposed pursuant to this section shall make a reasonable  
4 classification of businesses, users of space, or kinds of transactions  
5 for purposes of imposing such tax, except that no occupation tax shall be  
6 imposed on any transaction which is subject to tax under section 53-160,  
7 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602, or 77-4008 or  
8 which is exempt from tax under section 77-2704.24. ~~The occupation tax~~  
9 ~~shall be imposed in the manner provided in section 18-1208, except that~~  
10 ~~section 18-1208 does not apply to an occupation tax subject to section~~  
11 ~~86-704.~~ All such taxes shall be uniform in respect to the classes upon  
12 which they are imposed. All scientific and literary lectures and  
13 entertainments shall be exempt from such taxation, as well as concerts  
14 and other musical entertainments given exclusively by the citizens of the  
15 city or village.

16 **Sec. 20.** Section 18-1208, Revised Statutes Cumulative Supplement,  
17 2024, is amended to read:

18 18-1208 ~~(1) Except as otherwise provided in this section, after~~  
19 ~~July 19, 2012, a municipality may impose a new occupation tax or increase~~  
20 ~~the rate of an existing occupation tax, which new occupation tax or~~  
21 ~~increased rate of an existing occupation tax is projected to generate~~  
22 ~~annual occupation tax revenue in excess of the applicable amount listed~~  
23 ~~in subsection (2) of this section, pursuant to section 14-109, 15-202,~~  
24 ~~15-203, 16-205, or 17-525 if the question of whether to impose the tax or~~  
25 ~~increase the rate of an existing occupation tax has been submitted at an~~  
26 ~~election held within the municipality and in which all registered voters~~  
27 ~~shall be entitled to vote on the question. The officials of the~~  
28 ~~municipality shall order the submission of the question by submitting a~~  
29 ~~certified copy of the resolution proposing the tax or tax rate increase~~  
30 ~~to the election commissioner or county clerk at least fifty days before~~  
31 ~~the election. The election shall be conducted in accordance with the~~

1 ~~Election Act. If a majority of the votes cast upon the question are in~~  
2 ~~favor of the new tax or increased rate of an existing occupation tax,~~  
3 ~~then the governing body of such municipality shall be empowered to impose~~  
4 ~~the new tax or to impose the increased tax rate. If a majority of those~~  
5 ~~voting on the question are opposed to the new tax or increased rate, then~~  
6 ~~the governing body of the municipality shall not impose the new tax or~~  
7 ~~increased rate but shall maintain any existing occupation tax at its~~  
8 ~~current rate.~~

9 ~~(2) The applicable amount of annual revenue for each new occupation~~  
10 ~~tax or annual revenue raised by the increased rate for an existing~~  
11 ~~occupation tax for purposes of subsection (1) of this section is:~~

12 ~~(a) For cities of the metropolitan class, six million dollars;~~

13 ~~(b) For cities of the primary class, three million dollars;~~

14 ~~(c) For cities of the first class, seven hundred thousand dollars;~~

15 ~~and~~

16 ~~(d) For cities of the second class and villages, three hundred~~  
17 ~~thousand dollars.~~

18 ~~(3) After July 19, 2012, a municipality shall not be required to~~  
19 ~~submit the following questions to the registered voters:~~

20 ~~(a) Whether to change the rate of an occupation tax imposed for a~~  
21 ~~specific project which does not provide for deposit of the tax proceeds~~  
22 ~~in the municipality's general fund; or~~

23 ~~(b) Whether to terminate an occupation tax earlier than the~~  
24 ~~determinable termination date under the original question submitted to~~  
25 ~~the registered voters.~~

26 ~~This subsection applies to occupation taxes imposed prior to, on, or~~  
27 ~~after July 19, 2012.~~

28 ~~(4) This section shall not apply to (a) an occupation tax subject to~~  
29 ~~section 86-704 or (b) a municipality imposing an occupation tax within~~  
30 ~~that portion of a good life district established pursuant to the Good~~  
31 ~~Life Transformational Projects Act which is located within the corporate~~

1 ~~limits of such municipality if the good life district applicant has~~  
2 ~~approved of the occupation tax. The changes made in this subdivision by~~  
3 ~~Laws 2024, LB1317, shall not be construed to invalidate an occupation tax~~  
4 ~~imposed prior to April 24, 2024.~~

5 ~~(5)~~ No later than ninety days after the end of the fiscal year, each  
6 municipality that imposes a new occupation tax or increases the rate of  
7 an existing any occupation tax on or after the operative date of this  
8 section ~~as provided under this section~~ shall provide an annual report on  
9 the collection and use of such occupation tax. The report shall be posted  
10 on the municipality's public website or made available for public  
11 inspection at a location designated by the municipality. The report shall  
12 include, but not be limited to:

13 (1) ~~(a)~~ A list of all such occupation taxes collected by the  
14 municipality;

15 (2) ~~(b)~~ The amount generated annually by each such occupation tax;

16 (3) ~~(c)~~ Whether funds generated by each such occupation tax are  
17 deposited in the general fund, cash funds, or other funds of the  
18 municipality;

19 (4) ~~(d)~~ Whether any such occupation tax is dedicated for a specific  
20 purpose, and if so, the amount dedicated for such purpose; and

21 (5) ~~(e)~~ The scheduled or projected termination date, if any, of each  
22 such occupation tax.

23 **Sec. 21.** Section 68-1201, Revised Statutes Cumulative Supplement,  
24 2024, is amended to read:

25 68-1201 (1) In determining eligibility for the program for aid to  
26 dependent children pursuant to section 43-512 as administered by the  
27 State of Nebraska pursuant to the federal Temporary Assistance for Needy  
28 Families program, 42 U.S.C. 601 et seq., for the low-income home energy  
29 assistance program administered by the State of Nebraska pursuant to the  
30 federal Energy Policy Act of 2005, 42 U.S.C. 8621 to 8630, for the  
31 Supplemental Nutrition Assistance Program administered by the State of

1 Nebraska pursuant to the federal Food and Nutrition Act of 2008, 7 U.S.C.  
2 2011 et seq., and for the child care subsidy program established pursuant  
3 to section 68-1202, the following shall not be included in determining  
4 assets or income:

5 (a) Assets in or income from an educational savings account, a  
6 Coverdell educational savings account described in 26 U.S.C. 530, a  
7 qualified tuition program established pursuant to 26 U.S.C. 529, or any  
8 similar savings account or plan established to save for qualified higher  
9 education expenses as defined in section 36 of this act ~~85-1802~~;

10 (b) Income from scholarships or grants related to postsecondary  
11 education, whether merit-based, need-based, or a combination thereof;

12 (c) Income from postsecondary educational work-study programs,  
13 whether federally funded, funded by a postsecondary educational  
14 institution, or funded from any other source;

15 (d) Assets in or income from an account under a qualified program as  
16 provided in section 77-1402;

17 (e) Income received for participation in grant-funded research on  
18 the impact that income has on the development of children in low-income  
19 families, except that such exclusion of income must not exceed four  
20 thousand dollars per year for a maximum of eight years and such exclusion  
21 shall only be made if the exclusion is permissible under federal law for  
22 each program referenced in this section. No such exclusion shall be made  
23 for such income on or after December 31, 2026; and

24 (f) Income from any tax credits received pursuant to the School  
25 Readiness Tax Credit Act.

26 (2) In determining eligibility for the program for aid to dependent  
27 children pursuant to section 43-512 as administered by the State of  
28 Nebraska pursuant to the federal Temporary Assistance for Needy Families  
29 program, 42 U.S.C. 601 et seq., passed-through child support as described  
30 in section 43-512.07, shall not be included in determining assets or  
31 income.

1           **Sec. 22.** Section 72-1239.01, Revised Statutes Cumulative Supplement,  
2 2024, is amended to read:

3           72-1239.01 (1)(a) The appointed members of the council shall have  
4 the responsibility for the investment management of the assets of the  
5 retirement systems administered by the Public Employees Retirement Board  
6 as provided in section 84-1503, the assets of the Nebraska educational  
7 savings plan trust as provided in section 40 of this act ~~created pursuant~~  
8 ~~to sections 85-1801 to 85-1817~~, the assets of the achieving a better life  
9 experience program pursuant to sections 77-1401 to 77-1409, and beginning  
10 January 1, 2017, the assets of each retirement system provided for under  
11 the Class V School Employees Retirement Act. Except as provided in  
12 subsection (4) of this section, the appointed members shall be deemed  
13 fiduciaries with respect to the investment of the assets of the  
14 retirement systems, of the Nebraska educational savings plan trust, and  
15 of the achieving a better life experience program and shall be held to  
16 the standard of conduct of a fiduciary specified in subsection (3) of  
17 this section. The nonvoting, ex officio members of the council shall not  
18 be deemed fiduciaries.

19           (b) As fiduciaries, the appointed members of the council and the  
20 state investment officer shall discharge their duties with respect to the  
21 assets of the retirement systems, of the Nebraska educational savings  
22 plan trust, and of the achieving a better life experience program solely  
23 in the interests of the members and beneficiaries of the retirement  
24 systems or the interests of the participants and beneficiaries of the  
25 Nebraska educational savings plan trust and the achieving a better life  
26 experience program, as the case may be, for the exclusive purposes of  
27 providing benefits to members, members' beneficiaries, participants, and  
28 participants' beneficiaries and defraying reasonable expenses incurred  
29 within the limitations and according to the powers, duties, and purposes  
30 prescribed by law.

31           (2)(a) The appointed members of the council shall have the

1 responsibility for the investment management of the assets of state  
2 funds. The appointed members shall be deemed fiduciaries with respect to  
3 the investment of the assets of state funds and shall be held to the  
4 standard of conduct of a fiduciary specified in subsection (3) of this  
5 section. The nonvoting, ex officio members of the council shall not be  
6 deemed fiduciaries.

7 (b) As fiduciaries, the appointed members of the council and the  
8 state investment officer shall discharge their duties with respect to the  
9 assets of state funds solely in the interests of the citizens of the  
10 state within the limitations and according to the powers, duties, and  
11 purposes prescribed by law.

12 (3) The appointed members of the council shall act with the care,  
13 skill, prudence, and diligence under the circumstances then prevailing  
14 that a prudent person acting in like capacity and familiar with such  
15 matters would use in the conduct of an enterprise of a like character and  
16 with like aims by diversifying the investments of the assets of the  
17 retirement systems, the Nebraska educational savings plan trust, the  
18 achieving a better life experience program, and state funds so as to  
19 minimize risk of large losses, unless in light of such circumstances it  
20 is clearly prudent not to do so. No assets of the retirement systems, the  
21 Nebraska educational savings plan trust, or the achieving a better life  
22 experience program shall be invested or reinvested if the sole or primary  
23 investment objective is for economic development or social purposes or  
24 objectives.

25 (4) Neither the appointed members of the council nor the state  
26 investment officer shall be deemed fiduciaries with respect to  
27 investments of the assets of a retirement system provided for under the  
28 Class V School Employees Retirement Act made by or on behalf of the board  
29 of education as defined in section 79-978 or the board of trustees  
30 provided for in section 79-980. Neither the council nor any member  
31 thereof nor the state investment officer shall be liable for the action

1 or inaction of the board of education or the board of trustees with  
2 respect to the investment of the assets of a retirement system provided  
3 for under the Class V School Employees Retirement Act, the consequences  
4 of any such action or inaction of the board of education or the board of  
5 trustees, and any claims, suits, losses, damages, fees, and costs related  
6 to such action or inaction or consequences thereof.

7 **Sec. 23.** Section 76-214, Revised Statutes Cumulative Supplement,  
8 2024, is amended to read:

9 76-214 (1) Except as provided in subsection (4) of this section,  
10 every grantee who has a deed to real estate recorded and every purchaser  
11 of real estate who has a memorandum of contract or land contract recorded  
12 shall, at the time such deed, memorandum of contract, or land contract is  
13 presented for recording, file with the register of deeds a completed  
14 statement as prescribed by the Tax Commissioner. For all deeds and all  
15 memoranda of contract and land contracts recorded on and after January 1,  
16 2001, the statement shall not require the social security number of the  
17 grantee or purchaser or the federal employer identification number of the  
18 grantee or purchaser. This statement may require the recitation of any  
19 information contained in the deed, memorandum of contract, or land  
20 contract, the total consideration paid, the amount of the total  
21 consideration attributable to factors other than the purchase of the real  
22 estate itself, and other factors which may influence the transaction. If  
23 a death certificate is recorded as provided in subsection (2) of this  
24 section, this statement may require a date of death, the name of the  
25 decedent, and whether the title is affected as a result of a transfer on  
26 death deed, a joint tenancy deed, or the expiration of a life estate or  
27 by any other means. This statement shall ask whether the affidavit  
28 described in section 76-2,141 is required with respect to the deed,  
29 memorandum of contract, or land contract and, if so, whether such  
30 affidavit has been completed. This statement shall be signed and filed by  
31 the grantee, the purchaser, or his or her authorized agent. The register

1 of deeds shall forward the statement to the county assessor. If the  
2 grantee or purchaser fails to furnish the prescribed statement, the  
3 register of deeds shall not record the deed, memorandum of contract, or  
4 land contract. The register of deeds shall indicate on the statement the  
5 book and page or computer system reference where the deed, memorandum of  
6 contract, or land contract is recorded and shall immediately forward the  
7 statement to the county assessor. The county assessor shall process the  
8 statement according to the instructions of the Property Tax Administrator  
9 and shall, pursuant to the rules and regulations of the Tax Commissioner,  
10 forward the statement to the Tax Commissioner.

11 (2)(a) The statement described in subsection (1) of this section  
12 shall be filed at the time that a certified or authenticated copy of the  
13 grantor's death certificate is filed if such death certificate is  
14 required to be filed under section 76-2,126 and the conveyance of real  
15 estate was pursuant to a transfer on death deed.

16 (b) The statement described in subsection (1) of this section shall  
17 not be required to be filed at the time that a transfer on death deed is  
18 filed or at the time that an instrument of revocation of a transfer on  
19 death deed as described in subdivision (a)(1)(B) of section 76-3413 is  
20 filed.

21 (3) Any person shall have access to the statements at the office of  
22 the Tax Commissioner, county assessor, or register of deeds if the  
23 statements are available and have not been disposed of pursuant to the  
24 records retention and disposition schedule as approved by the State  
25 Records Administrator.

26 (4) The statement described in subsection (1) of this section shall  
27 not be required if the document being recorded is an easement or an oil,  
28 gas, or mineral lease, or any subsequent assignment of an easement or  
29 such lease, except that such statement shall be required for conservation  
30 easements and preservation easements as such terms are defined in section  
31 76-2,111 and recreational trail easements used to qualify for the

1 property tax exemption provided by the Recreational Trail Easement  
2 Property Tax Exemption Act.

3 **Sec. 24.** Section 77-202, Revised Statutes Cumulative Supplement,  
4 2024, is amended to read:

5 77-202 (1) The following property shall be exempt from property  
6 taxes:

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

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

30 (ii) Public purpose means use of the property (A) to provide public  
31 services with or without cost to the recipient, including the general

1 operation of government, public education, public safety, transportation,  
2 public works, civil and criminal justice, public health and welfare,  
3 developments by a public housing authority, parks, culture, recreation,  
4 community development, and cemetery purposes, or (B) to carry out the  
5 duties and responsibilities conferred by law with or without  
6 consideration. Public purpose does not include leasing of property to a  
7 private party unless the lease of the property is at fair market value  
8 for a public purpose. Leases of property by a public housing authority to  
9 low-income individuals as a place of residence are for the authority's  
10 public purpose;

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

29 (c) Property owned by and used exclusively for agricultural and  
30 horticultural societies;

31 (d)(i) Property owned by educational, religious, charitable, or

1 cemetery organizations, or any organization for the exclusive benefit of  
2 any such educational, religious, charitable, or cemetery organization,  
3 and used exclusively for educational, religious, charitable, or cemetery  
4 purposes, when such property is not (A) owned or used for financial gain  
5 or profit to either the owner or user, (B) used for the sale of alcoholic  
6 liquors for more than twenty hours per week, or (C) owned or used by an  
7 organization which discriminates in membership or employment based on  
8 race, color, or national origin.

9 (ii) For purposes of subdivision (1)(d) of this section:

10 (A) Educational organization means (I) an institution operated  
11 exclusively for the purpose of offering regular courses with systematic  
12 instruction in academic, vocational, or technical subjects or assisting  
13 students through services relating to the origination, processing, or  
14 guarantying of federally reinsured student loans for higher education,  
15 (II) a museum or historical society operated exclusively for the benefit  
16 and education of the public, or (III) a nonprofit organization that owns  
17 or operates a child care facility; and

18 (B) Charitable organization includes (I) an organization operated  
19 exclusively for the purpose of the mental, social, or physical benefit of  
20 the public or an indefinite number of persons and (II) a fraternal  
21 benefit society organized and licensed under sections 44-1072 to  
22 44-10,109.

23 (iii) The property tax exemption authorized in subdivision (1)(d)(i)  
24 of this section shall apply to any skilled nursing facility as defined in  
25 section 71-429, nursing facility as defined in section 71-424, or  
26 assisted-living facility as defined in section 71-5903 that provides  
27 housing for medicaid beneficiaries, except that the exemption amount for  
28 such property shall be a percentage of the property taxes that would  
29 otherwise be due. Such percentage shall be equal to the average  
30 percentage of occupied beds in the facility provided to medicaid  
31 beneficiaries over the most recent three-year period.

1 (iv) The property tax exemption authorized in subdivision (1)(d)(i)  
2 of this section shall apply to a building that (A) is owned by a  
3 charitable organization, (B) is made available to students in attendance  
4 at an educational institution, and (C) is recognized by such educational  
5 institution as approved student housing, except that the exemption shall  
6 only apply to the commons area of such building, including any common  
7 rooms and cooking and eating facilities; ~~and~~

8 (e) Household goods and personal effects not owned or used for  
9 financial gain or profit to either the owner or user; and -

10 (f) A portion of the property owned by a taxpayer as provided in the  
11 Recreational Trail Easement Property Tax Exemption Act.

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

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

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

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

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

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

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

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

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

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

10 (11) For tax years prior to tax year 2020, each person who owns  
11 property required to be reported to the county assessor under section  
12 77-1201 shall be allowed an exemption amount as provided in the Personal  
13 Property Tax Relief Act. For tax years prior to tax year 2020, each  
14 person who owns property required to be valued by the state as provided  
15 in section 77-601, 77-682, 77-801, or 77-1248 shall be allowed a  
16 compensating exemption factor as provided in the Personal Property Tax  
17 Relief Act.

18 (12)(a) Broadband equipment shall be exempt from the personal  
19 property tax if such broadband equipment is:

20 (i) Deployed in an area funded in whole or in part by funds from the  
21 Broadband Equity, Access, and Deployment Program, authorized by the  
22 federal Infrastructure Investment and Jobs Act, Public Law 117-58; or

23 (ii) Deployed in a qualified census tract located within the  
24 corporate limits of a city of the metropolitan class and being utilized  
25 to provide end-users with access to the Internet at speeds of at least  
26 one hundred megabits per second for downloading and at least one hundred  
27 megabits per second for uploading.

28 (b) An owner of broadband equipment seeking an exemption under this  
29 section shall apply for an exemption to the county assessor on or before  
30 December 31 of the year preceding the year for which the exemption is to  
31 begin. If the broadband equipment meets the criteria described in this

1 subsection, the county assessor shall approve the application within  
2 thirty calendar days after receiving the application. The application  
3 shall be on forms prescribed by the Tax Commissioner.

4 (c) For purposes of this subsection:

5 (i) Broadband communications service means telecommunications  
6 service as defined in section 86-121, video programming as defined in 47  
7 U.S.C. 522, as such section existed on January 1, 2024, or Internet  
8 access as defined in section 1104 of the federal Internet Tax Freedom  
9 Act, Public Law 105-277;

10 (ii) Broadband equipment means machinery or equipment used to  
11 provide broadband communications service and includes, but is not limited  
12 to, wires, cables, fiber, conduits, antennas, poles, switches, routers,  
13 amplifiers, rectifiers, repeaters, receivers, multiplexers, duplexers,  
14 transmitters, circuit cards, insulating and protective materials and  
15 cases, power equipment, backup power equipment, diagnostic equipment,  
16 storage devices, modems, and other general central office or headend  
17 equipment, such as channel cards, frames, and cabinets, or equipment used  
18 in successor technologies, including items used to monitor, test,  
19 maintain, enable, or facilitate qualifying equipment, machinery,  
20 software, ancillary components, appurtenances, accessories, or other  
21 infrastructure that is used in whole or in part to provide broadband  
22 communications service. Machinery or equipment used to produce broadband  
23 communications service does not include personal consumer electronics,  
24 including, but not limited to, smartphones, computers, and tablets; and

25 (iii) Qualified census tract means a qualified census tract as  
26 defined in 26 U.S.C. 42(d)(5)(B)(ii)(I), as such section existed on  
27 January 1, 2024.

28 **Sec. 25.** Section 77-3,110, Revised Statutes Cumulative Supplement,  
29 2024, is amended to read:

30 77-3,110 (1) All funds received pursuant to sections 77-3,109 and  
31 77-3,118 shall be remitted to the State Treasurer for credit to the

1 Department of Revenue Miscellaneous Receipts Fund which is hereby  
2 created.

3 ~~(2) On or before September 1, 2020, the State Treasurer shall~~  
4 ~~transfer fifty-nine thousand five hundred dollars from the College~~  
5 ~~Savings Plan Expense Fund to the Department of Revenue Miscellaneous~~  
6 ~~Receipts Fund.~~

7 (2) ~~(3)~~ All money in the Department of Revenue Miscellaneous  
8 Receipts Fund shall be administered by the Department of Revenue and  
9 shall be used as follows: ~~(a) Any money transferred to the fund under~~  
10 ~~subsection (2) of this section shall be used by the Department of Revenue~~  
11 ~~to defray the costs incurred to implement Laws 2020, LB1042; and (b) All~~  
12 ~~other funds shall be used to defray the cost of production of the~~  
13 ~~publications listed in section 77-3,109 or of the listings described in~~  
14 ~~section 77-3,118 and to carry out any administrative responsibilities of~~  
15 ~~the department.~~

16 (3) ~~(4)~~ Transfers may be made from the fund to the General Fund at  
17 the direction of the Legislature. Any money in the Department of Revenue  
18 Miscellaneous Receipts Fund available for investment shall be invested by  
19 the state investment officer pursuant to the Nebraska Capital Expansion  
20 Act and the Nebraska State Funds Investment Act.

21 **Sec. 26.** Section 77-1613, Reissue Revised Statutes of Nebraska, is  
22 amended to read:

23 77-1613 After the levy of taxes has been made and before November  
24 20, the county assessor shall transcribe the assessments into a suitable  
25 book to be provided at the expense of the county, properly ruled and  
26 headed with the distinct columns in which shall be entered the  
27 description of the lands, number of acres and value, number of city and  
28 village lots and their value, taxable value of taxable personal property,  
29 delinquent taxes of previous years, the amount of property tax credits  
30 not reimbursed by the state, the amount of taxes due on the day the first  
31 installment becomes due, and the amount of delinquent taxes due on the

1 day the second installment thereof becomes due, as provided by law, in  
2 the event the taxpayer elects to pay taxes in two equal semiannual  
3 installments.

4 **Sec. 27.** Section 77-1631, Revised Statutes Cumulative Supplement,  
5 2024, is amended to read:

6 77-1631 For purposes of the Property Tax Request Act:

7 (1) Allowable growth percentage means a percentage equal to the sum  
8 of (a) two percent plus (b) the political subdivision's real growth  
9 percentage;

10 ~~(2) Excess value means an amount equal to the assessed value of the~~  
11 ~~real property included in a tax increment financing project minus the~~  
12 ~~redevelopment project valuation for such real property;~~

13 ~~(2) (3)~~ Property tax request means the total amount of property  
14 taxes requested to be raised for a political subdivision through the levy  
15 imposed pursuant to section 77-1601, excluding the amount to be levied  
16 for the payment of principal or interest on bonds issued or authorized to  
17 be issued by a school district;

18 ~~(3) (4)~~ Real growth percentage means the percentage obtained by  
19 dividing (a) the political subdivision's real growth value by (b) the  
20 political subdivision's total ~~real~~ property valuation from the prior  
21 year; and

22 ~~(5) Real growth value means and includes:~~

23 ~~(4)~~ Real growth value means the (a) The increase in a political  
24 subdivision's total real property valuation from the prior year to the  
25 current year due to (a) (i) improvements to real property as a result of  
26 new construction and additions to existing buildings, (b) (ii) any other  
27 improvements to real property which increase the value of such property,  
28 (c) (iii) annexation of real property by the political subdivision, (d)  
29 and (iv) a change in the use of real property, (e) any increase in  
30 personal property valuation over the prior year, and (f) the accumulated  
31 excess valuation over the redevelopment project valuation described in

1 section 18-2147 of the Community Development Law for redevelopment  
2 projects within the political subdivision in the year immediately after  
3 the division of taxes for such redevelopment project has ended. ; and

4 ~~(b) The annual increase in the excess value for any tax increment~~  
5 ~~financing project located in the political subdivision;~~

6 ~~(6) Redevelopment project valuation has the same meaning as in~~  
7 ~~section 18-2103; and~~

8 ~~(7) Tax increment financing project means a redevelopment project as~~  
9 ~~defined in section 18-2103 that is financed through the division of taxes~~  
10 ~~as provided in section 18-2147.~~

11 **Sec. 28.** Section 77-1701, Revised Statutes Cumulative Supplement,  
12 2024, is amended to read:

13 77-1701 (1) The county treasurer shall be ex officio county  
14 collector of all taxes levied within the county. The county board shall  
15 designate a county official to mail or otherwise deliver a statement of  
16 the amount of taxes due and a notice that special assessments are due, to  
17 the last-known address of the person, firm, association, or corporation  
18 against whom such taxes or special assessments are assessed or to the  
19 lending institution or other party responsible for paying such taxes or  
20 special assessments. Such statement shall clearly indicate, for each  
21 political subdivision, ~~the levy rate and~~ the amount of property taxes due  
22 to fund any and all public safety services as defined in section 13-320,  
23 county attorneys, and public defenders, regardless of whether such amount  
24 is taken as an exception to the political subdivision's property tax  
25 request authority under section 13-3404. Such statement shall also  
26 clearly indicate, for each political subdivision, the levy rate and the  
27 amount of taxes due as the result of principal or interest payments on  
28 bonds issued by the political subdivision and shall show such rate and  
29 amount separate from any other levy. When taxes on real property are  
30 delinquent for a prior year, the county treasurer shall indicate this  
31 information on the current year tax statement in bold letters. The

1 information provided shall inform the taxpayer that delinquent taxes and  
2 interest are due for the prior year or years and shall indicate the  
3 specific year or years for which such taxes and interest remain unpaid.  
4 The language shall read "Back Taxes and Interest Due For", followed by  
5 numbers to indicate each year for which back taxes and interest are due  
6 and a statement indicating that failure to pay the back taxes and  
7 interest may result in the loss of the real property. Failure to receive  
8 such statement or notice shall not relieve the taxpayer from any  
9 liability to pay such taxes or special assessments and any interest or  
10 penalties accrued thereon. In any county in which a city of the  
11 metropolitan class is located, all statements of taxes shall also include  
12 notice that special assessments for cutting weeds, removing litter, and  
13 demolishing buildings are due.

14 (2) Notice that special assessments are due shall not be required  
15 for special assessments levied by sanitary and improvement districts  
16 organized under Chapter 31, article 7, except that such notice may be  
17 provided by the county at the discretion of the county board or by the  
18 sanitary and improvement district with the approval of the county board.

19 (3) A statement of the amount of taxes due and a notice that special  
20 assessments are due shall not be required to be mailed or otherwise  
21 delivered pursuant to subsection (1) of this section if the total amount  
22 of the taxes and special assessments due is less than two dollars.  
23 Failure to receive the statement or notice shall not relieve the taxpayer  
24 from any liability to pay the taxes or special assessments but shall  
25 relieve the taxpayer from any liability for interest or penalties. Taxes  
26 and special assessments of less than two dollars shall be added to the  
27 amount of taxes and special assessments due in subsequent years and shall  
28 not be considered delinquent until the total amount is two dollars or  
29 more.

30 **Sec. 29.** Section 77-2715.07, Revised Statutes Cumulative Supplement,  
31 2024, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

28 (b) A credit for contributions to programs or projects certified for  
29 tax credit status as provided in the Creating High Impact Economic  
30 Futures Act. Each partner, each shareholder of an electing subchapter S  
31 corporation, each beneficiary of an estate or trust, or each member of a

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

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

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

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

11 (f) A credit to employers as provided in sections 77-27,238 and  
12 77-27,240;

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

14 (h) A credit to grocery store retailers, restaurants, and  
15 agricultural producers as provided in section 77-27,241;

16 (i) A credit as provided in the Sustainable Aviation Fuel Tax Credit  
17 Act;

18 (j) A credit as provided in the Nebraska Shortline Rail  
19 Modernization Act;

20 (k) A credit as provided in the Nebraska Pregnancy Help Act; and

21 (l) A credit as provided in the Caregiver Tax Credit Act.

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

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

26 (b) A credit to all estates and trusts for contributions to programs  
27 or projects certified for tax credit status as provided in the Creating  
28 High Impact Economic Futures Act; and

29 (c) A refundable credit for individuals who qualify for an income  
30 tax credit as an owner of agricultural assets under the Beginning Farmer  
31 Tax Credit Act for all taxable years beginning or deemed to begin on or

1 after January 1, 2009, under the Internal Revenue Code of 1986, as  
2 amended. The credit allowed for each partner, shareholder, member, or  
3 beneficiary of a partnership, corporation, limited liability company, or  
4 estate or trust qualifying for an income tax credit as an owner of  
5 agricultural assets under the Beginning Farmer Tax Credit Act shall be  
6 equal to the partner's, shareholder's, member's, or beneficiary's portion  
7 of the amount of tax credit distributed pursuant to subsection (6) of  
8 section 77-5211.

9 (5)(a) For all taxable years beginning on or after January 1, 2007,  
10 and before January 1, 2009, under the Internal Revenue Code of 1986, as  
11 amended, there shall be allowed to each partner, shareholder, member, or  
12 beneficiary of a partnership, subchapter S corporation, limited liability  
13 company, or estate or trust a nonrefundable credit against the income tax  
14 imposed by the Nebraska Revenue Act of 1967 equal to fifty percent of the  
15 partner's, shareholder's, member's, or beneficiary's portion of the  
16 amount of franchise tax paid to the state under sections 77-3801 to  
17 77-3807 by a financial institution.

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

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

1 (6) There shall be allowed to all individuals nonrefundable credits  
2 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
3 provided in section 77-3604 and refundable credits against the income tax  
4 imposed by the Nebraska Revenue Act of 1967 as provided in section  
5 77-3605.

6 (7)(a) For taxable years beginning or deemed to begin on or after  
7 January 1, 2020, and before January 1, 2026, under the Internal Revenue  
8 Code of 1986, as amended, a nonrefundable credit against the income tax  
9 imposed by the Nebraska Revenue Act of 1967 in the amount of five  
10 thousand dollars shall be allowed to any individual who purchases a  
11 residence during the taxable year if such residence:

12 (i) Is located within an area that has been declared an extremely  
13 blighted area under section 18-2101.02;

14 (ii) Is the individual's primary residence; and

15 (iii) Was not purchased from a family member of the individual or a  
16 family member of the individual's spouse.

17 (b) The credit provided in this subsection shall be claimed for the  
18 taxable year in which the residence is purchased. If the individual  
19 cannot fully utilize the credit for such year, the credit may be carried  
20 forward to subsequent taxable years until fully utilized.

21 (c) No more than one credit may be claimed under this subsection  
22 with respect to a single residence.

23 (d) The credit provided in this subsection shall be subject to  
24 recapture by the Department of Revenue if the individual claiming the  
25 credit sells or otherwise transfers the residence or quits using the  
26 residence as his or her primary residence within five years after the end  
27 of the taxable year in which the credit was claimed.

28 (e) For purposes of this subsection, family member means an  
29 individual's spouse, child, parent, brother, sister, grandchild, or  
30 grandparent, whether by blood, marriage, or adoption.

31 (8) There shall be allowed to all individuals refundable credits

1 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
2 provided in the Cast and Crew Nebraska Act, the Nebraska Biodiesel Tax  
3 Credit Act, the Nebraska Higher Blend Tax Credit Act, the Nebraska  
4 Property Tax Incentive Act, the Relocation Incentive Act, and the  
5 Renewable Chemical Production Tax Credit Act.

6 (9)(a) For taxable years beginning or deemed to begin on or after  
7 January 1, 2022, under the Internal Revenue Code of 1986, as amended, a  
8 refundable credit against the income tax imposed by the Nebraska Revenue  
9 Act of 1967 shall be allowed to the parent of a stillborn child if:

10 (i) A fetal death certificate is filed pursuant to subsection (1) of  
11 section 71-606 for such child;

12 (ii) Such child had advanced to at least the twentieth week of  
13 gestation; and

14 (iii) Such child would have been a dependent of the individual  
15 claiming the credit.

16 (b) The amount of the credit shall be two thousand dollars.

17 (c) The credit shall be allowed for the taxable year in which the  
18 stillbirth occurred.

19 (10) There shall be allowed to all individuals refundable credits  
20 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
21 provided in section 77-7203 and nonrefundable credits against the income  
22 tax imposed by the Nebraska Revenue Act of 1967 as provided in section  
23 77-7204.

24 (11) There shall be allowed to all individuals refundable credits  
25 against the income tax imposed by the Nebraska Revenue Act of 1967 as  
26 provided in section 77-3157 and nonrefundable credits against the income  
27 tax imposed by the Nebraska Revenue Act of 1967 as provided in sections  
28 77-3156, 77-3158, and 77-3159.

29 **Sec. 30.** Section 77-2716, Revised Statutes Cumulative Supplement,  
30 2024, is amended to read:

31 77-2716 (1) The following adjustments to federal adjusted gross

1 income or, for corporations and fiduciaries, federal taxable income shall  
2 be made for interest or dividends received:

3 (a)(i) There shall be subtracted interest or dividends received by  
4 the owner of obligations of the United States and its territories and  
5 possessions or of any authority, commission, or instrumentality of the  
6 United States to the extent includable in gross income for federal income  
7 tax purposes but exempt from state income taxes under the laws of the  
8 United States; and

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

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

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

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

30 (e)(i) Any amount subtracted under this subsection shall be reduced  
31 by any interest on indebtedness incurred to carry the obligations or

1 securities described in this subsection or the investment in the  
2 regulated investment company and by any expenses incurred in the  
3 production of interest or dividend income described in this subsection to  
4 the extent that such expenses, including amortizable bond premiums, are  
5 deductible in determining federal taxable income.

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

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

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

27 (4) Federal adjusted gross income, or, for a fiduciary, federal  
28 taxable income shall be modified to exclude the portion of the income or  
29 loss received from a small business corporation with an election in  
30 effect under subchapter S of the Internal Revenue Code or from a limited  
31 liability company organized pursuant to the Nebraska Uniform Limited

1 Liability Company Act that is not derived from or connected with Nebraska  
2 sources as determined in section 77-2734.01.

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

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

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

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

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

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

29 (8)(a) Federal adjusted gross income or, for corporations and  
30 fiduciaries, federal taxable income shall be reduced, to the extent  
31 included, by income from interest, earnings, and state contributions

1 received from the Nebraska educational savings plan trust as provided  
2 ~~created~~ in sections ~~35-85-1801~~ to 50 of this act ~~85-1817~~ and any account  
3 established under the achieving a better life experience program as  
4 provided in sections 77-1401 to 77-1409.

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

21 (c) For taxable years beginning or deemed to begin on or after  
22 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
23 federal adjusted gross income shall be reduced, to the extent included in  
24 the adjusted gross income of an individual, by the amount of any  
25 contribution made by the individual's employer into an account under the  
26 Nebraska educational savings plan trust owned by the individual, not to  
27 exceed five thousand dollars per married filing separate return or ten  
28 thousand dollars for any other return.

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

31 (i) The amount resulting from the cancellation of a participation

1 agreement refunded to the taxpayer as a participant in the Nebraska  
2 educational savings plan trust to the extent previously deducted under  
3 subdivision (8)(b) of this section; and

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

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

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

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

29 (d) The amount of bonus depreciation added to federal adjusted gross  
30 income or, for corporations and fiduciaries, federal taxable income by  
31 this subsection shall be subtracted in a later taxable year. Twenty

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

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

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

1 Term Care Savings Plan Act, to the extent not deducted for federal income  
2 tax purposes.

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

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

16 (13)(a) For taxable years beginning or deemed to begin on or after  
17 January 1, 2015, and before January 1, 2024, under the Internal Revenue  
18 Code of 1986, as amended, federal adjusted gross income shall be reduced  
19 by the amount received as benefits under the federal Social Security Act  
20 which are included in the federal adjusted gross income if:

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

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

25 (b) For taxable years beginning or deemed to begin on or after  
26 January 1, 2020, and before January 1, 2024, under the Internal Revenue  
27 Code of 1986, as amended, the Tax Commissioner shall adjust the dollar  
28 amounts provided in subdivisions (13)(a)(i) and (ii) of this section by  
29 the same percentage used to adjust individual income tax brackets under  
30 subsection (3) of section 77-2715.03.

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

1 January 1, 2021, and before January 1, 2024, under the Internal Revenue  
2 Code of 1986, as amended, a taxpayer may claim the reduction to federal  
3 adjusted gross income allowed under this subsection or the reduction to  
4 federal adjusted gross income allowed under subsection (14) of this  
5 section, whichever provides the greater reduction.

6 (14)(a) For taxable years beginning or deemed to begin on or after  
7 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
8 federal adjusted gross income shall be reduced by a percentage of the  
9 social security benefits that are received and included in federal  
10 adjusted gross income. The pertinent percentage shall be:

11 (i) Five percent for taxable years beginning or deemed to begin on  
12 or after January 1, 2021, and before January 1, 2022, under the Internal  
13 Revenue Code of 1986, as amended;

14 (ii) Forty percent for taxable years beginning or deemed to begin on  
15 or after January 1, 2022, and before January 1, 2023, under the Internal  
16 Revenue Code of 1986, as amended;

17 (iii) Sixty percent for taxable years beginning or deemed to begin  
18 on or after January 1, 2023, and before January 1, 2024, under the  
19 Internal Revenue Code of 1986, as amended; and

20 (iv) One hundred percent for taxable years beginning or deemed to  
21 begin on or after January 1, 2024, under the Internal Revenue Code of  
22 1986, as amended.

23 (b) For purposes of this subsection, social security benefits means  
24 benefits received under the federal Social Security Act.

25 (c) For taxable years beginning or deemed to begin on or after  
26 January 1, 2021, and before January 1, 2024, under the Internal Revenue  
27 Code of 1986, as amended, a taxpayer may claim the reduction to federal  
28 adjusted gross income allowed under this subsection or the reduction to  
29 federal adjusted gross income allowed under subsection (13) of this  
30 section, whichever provides the greater reduction.

31 (15)(a) For taxable years beginning or deemed to begin on or after

1 January 1, 2015, and before January 1, 2022, under the Internal Revenue  
2 Code of 1986, as amended, an individual may make a one-time election  
3 within two calendar years after the date of his or her retirement from  
4 the military to exclude income received as a military retirement benefit  
5 by the individual to the extent included in federal adjusted gross income  
6 and as provided in this subdivision. The individual may elect to exclude  
7 forty percent of his or her military retirement benefit income for seven  
8 consecutive taxable years beginning with the year in which the election  
9 is made or may elect to exclude fifteen percent of his or her military  
10 retirement benefit income for all taxable years beginning with the year  
11 in which he or she turns sixty-seven years of age.

12 (b) For taxable years beginning or deemed to begin on or after  
13 January 1, 2022, under the Internal Revenue Code of 1986, as amended, an  
14 individual may exclude one hundred percent of the military retirement  
15 benefit income received by such individual to the extent included in  
16 federal adjusted gross income.

17 (c) For purposes of this subsection, military retirement benefit  
18 means retirement benefits that are periodic payments attributable to  
19 service in the uniformed services of the United States for personal  
20 services performed by an individual prior to his or her retirement. The  
21 term includes retirement benefits described in this subdivision that are  
22 reported to the individual on either:

23 (i) An Internal Revenue Service Form 1099-R received from the United  
24 States Department of Defense; or

25 (ii) An Internal Revenue Service Form 1099-R received from the  
26 United States Office of Personnel Management.

27 (16) For taxable years beginning or deemed to begin on or after  
28 January 1, 2021, under the Internal Revenue Code of 1986, as amended,  
29 federal adjusted gross income shall be reduced by the amount received as  
30 a Segal AmeriCorps Education Award, to the extent such amount is included  
31 in federal adjusted gross income.

1 (17) For taxable years beginning or deemed to begin on or after  
2 January 1, 2022, under the Internal Revenue Code of 1986, as amended,  
3 federal adjusted gross income shall be reduced by the amount received by  
4 or on behalf of a firefighter for cancer benefits under the Firefighter  
5 Cancer Benefits Act to the extent included in federal adjusted gross  
6 income.

7 (18) There shall be subtracted from the federal adjusted gross  
8 income of individuals any amount received by the individual as student  
9 loan repayment assistance under the Teach in Nebraska Today Act, to the  
10 extent such amount is included in federal adjusted gross income.

11 (19) For taxable years beginning or deemed to begin on or after  
12 January 1, 2023, under the Internal Revenue Code of 1986, as amended, a  
13 retired individual who was employed full time as a firefighter or  
14 certified law enforcement officer for at least twenty years and who is at  
15 least sixty years of age as of the end of the taxable year may reduce his  
16 or her federal adjusted gross income by the amount of health insurance  
17 premiums paid by such individual during the taxable year, to the extent  
18 such premiums were not already deducted in determining the individual's  
19 federal adjusted gross income.

20 (20) For taxable years beginning or deemed to begin on or after  
21 January 1, 2024, under the Internal Revenue Code of 1986, as amended, an  
22 individual may reduce his or her federal adjusted gross income by the  
23 amounts received as annuities under the Civil Service Retirement System  
24 which were earned for being employed by the federal government, to the  
25 extent such amounts are included in federal adjusted gross income.

26 (21) For taxable years beginning or deemed to begin on or after  
27 January 1, 2025, under the Internal Revenue Code of 1986, as amended, an  
28 individual who is a member of the Nebraska National Guard may exclude one  
29 hundred percent of the income received from any of the following sources  
30 to the extent such income is included in the individual's federal  
31 adjusted gross income:

1 (a) Serving in a 32 U.S.C. duty status such as members attending  
2 drills, annual training, and military schools and members who are serving  
3 in a 32 U.S.C. active guard reserve or active duty for operational  
4 support duty status;

5 (b) Employment as a 32 U.S.C. federal dual-status technician with  
6 the Nebraska National Guard; or

7 (c) Serving in a state active duty status.

8 (22)(a) For taxable years beginning or deemed to begin on or after  
9 January 1, 2024, under the Internal Revenue Code of 1986, as amended, an  
10 individual may reduce his or her federal adjusted gross income by the  
11 amount of interest and principal balance of medical debt discharged under  
12 the Medical Debt Relief Act, to the extent included in such individual's  
13 federal adjusted gross income.

14 (b) For taxable years beginning or deemed to begin on or after  
15 January 1, 2024, under the Internal Revenue Code of 1986, as amended,  
16 federal adjusted gross income or, for corporations and fiduciaries,  
17 federal taxable income shall be reduced by the amount of contributions  
18 made to the Medical Debt Relief Fund, to the extent not deducted for  
19 federal income tax purposes.

20 (23) For taxable years beginning or deemed to begin on or after  
21 January 1, 2025, under the Internal Revenue Code of 1986, as amended, an  
22 individual who is a qualifying employee as defined in section 77-3108 may  
23 reduce his or her federal adjusted gross income by the amount allowed  
24 under section 77-3111.

25 (24) For taxable years beginning or deemed to begin on or after  
26 January 1, 2026, under the Internal Revenue Code of 1986, as amended,  
27 federal adjusted gross income or, for corporations and fiduciaries,  
28 federal taxable income shall be reduced by the amounts allowed to be  
29 deducted pursuant to section 77-27,242.

30 (25) There shall be added to federal adjusted gross income or, for  
31 corporations and fiduciaries, federal taxable income for all taxable

1 years beginning on or after January 1, 2025, the amount of any net  
2 capital loss that is derived from the sale or exchange of gold or silver  
3 bullion to the extent such loss is included in federal adjusted gross  
4 income except that such loss shall not be added if the loss is derived  
5 from the sale of bullion as a taxable distribution from any retirement  
6 plan account that holds gold or silver bullion. For the purposes of this  
7 subsection, bullion has the same meaning as in section 77-2704.66.

8 (26) There shall be subtracted from federal adjusted gross income  
9 or, for corporations and fiduciaries, federal taxable income for all  
10 taxable years beginning on or after January 1, 2025, the amount of any  
11 net capital gain that is derived from the sale or exchange of gold or  
12 silver bullion to the extent such gain is included in federal adjusted  
13 gross income except that such gain shall not be subtracted if the gain is  
14 derived from the sale of bullion as a taxable distribution from any  
15 retirement plan account that holds gold or silver bullion. For the  
16 purposes of this subsection, bullion has the same meaning as in section  
17 77-2704.66.

18 **Sec. 31.** Section 77-2727, Revised Statutes Cumulative Supplement,  
19 2024, is amended to read:

20 77-2727 (1) Except as provided in subsection (6) of this section and  
21 subsection (5) of section 77-2775, a partnership as such shall not be  
22 subject to the income tax imposed by the Nebraska Revenue Act of 1967.  
23 Persons or their authorized representatives carrying on business as  
24 partners shall be liable for the income tax imposed by the Nebraska  
25 Revenue Act of 1967 only in their separate or individual capacities.

26 (2) The partners of such partnership who are residents of this state  
27 or corporations shall include in their incomes their proportionate share  
28 of such partnership's income.

29 (3) If any partner of such partnership is a nonresident individual  
30 during any part of the partnership's reporting year, he or she shall file  
31 a Nebraska income tax return which shall include in Nebraska adjusted

1 gross income that portion of the partnership's Nebraska income, as  
2 determined under the provisions of sections 77-2728 and 77-2729,  
3 allocable to his or her interest in the partnership and shall execute and  
4 forward to the partnership, on or before the original due date of the  
5 Nebraska partnership return, an agreement which states that he or she  
6 will file a Nebraska income tax return and pay income tax on all income  
7 derived from or attributable to sources in this state, and such agreement  
8 shall be attached to the partnership's Nebraska return for such reporting  
9 year.

10 (4)(a) Except as provided in subdivision (c) of this subsection, in  
11 the absence of the nonresident individual partner's executed agreement  
12 being attached to the Nebraska partnership return, the partnership shall  
13 remit a portion of such partner's income which was derived from or  
14 attributable to Nebraska sources with its Nebraska return for the  
15 reporting year. For tax years beginning or deemed to begin before January  
16 1, 2013, the amount of remittance, in such instance, shall be the highest  
17 individual income tax rate determined under section 77-2715.02 multiplied  
18 by the nonresident individual partner's share of the partnership income  
19 which was derived from or attributable to sources within this state. For  
20 tax years beginning or deemed to begin on or after January 1, 2013, the  
21 amount of remittance, in such instance, shall be the highest individual  
22 income tax rate determined under section 77-2715.03 multiplied by the  
23 nonresident individual partner's share of the partnership income which  
24 was derived from or attributable to sources within this state.

25 (b) Any amount remitted on behalf of any partner shall be allowed as  
26 a credit against the Nebraska income tax liability of the partner.

27 (c) Subdivision (a) of this subsection does not apply to a publicly  
28 traded partnership as defined by section 7704(b) of the Internal Revenue  
29 Code of 1986, as amended, that is treated as a partnership for the  
30 purposes of the code and that has agreed to file an annual information  
31 return with the Department of Revenue reporting the name, address,

1 taxpayer identification number, and other information requested by the  
2 department of each unit holder with an income in the state in excess of  
3 five hundred dollars.

4 (5) The Tax Commissioner may allow a nonresident individual partner  
5 to not file a Nebraska income tax return if the nonresident individual  
6 partner's only source of Nebraska income was his or her share of the  
7 partnership's income which was derived from or attributable to sources  
8 within this state, the nonresident did not file an agreement to file a  
9 Nebraska income tax return, and the partnership has remitted the amount  
10 required by subsection (4) of this section on behalf of such nonresident  
11 individual partner. The amount remitted shall be retained in satisfaction  
12 of the Nebraska income tax liability of the nonresident individual  
13 partner.

14 (6) Notwithstanding any provision of this section to the contrary:

15 (a) For tax years beginning or deemed to begin on or after January  
16 1, 2018, a partnership may annually make an irrevocable election to pay  
17 the taxes, interest, or penalties levied by the Nebraska Revenue Act of  
18 1967 at the entity level for the taxable period covered by such return.  
19 For tax years beginning on or after January 1, 2023, such election may be  
20 made on the applicable income tax return and shall ~~must~~ be made on or  
21 before the due date for filing the applicable income tax return,  
22 including any extensions that have been granted;

23 (b) An electing partnership with respect to a taxable period shall  
24 pay an income tax equivalent to the highest individual income tax rate  
25 provided in section 77-2715.03 multiplied by the electing partnership's  
26 net income as apportioned or allocated to this state in accordance with  
27 the Nebraska Revenue Act of 1967, for such taxable period;

28 (c) An electing partnership shall be treated as a corporation with  
29 respect to the requirements of section 77-2769 for payments of estimated  
30 tax. The requirement for payment of estimated tax under section 77-2769  
31 shall not apply for tax years beginning prior to January 1, 2024.

1 Payments of estimated tax made by an eligible partnership that does not  
2 make an election under this subsection shall be treated as income tax  
3 withholding on behalf of the partners;

4 (d) Except as provided in subdivision (e) of this subsection, the  
5 partners of an electing partnership shall ~~must~~ file a Nebraska return to  
6 report their pro rata or distributive share of the income of the electing  
7 partnership in accordance with the Nebraska Revenue Act of 1967, as  
8 applicable. In determining the sum of its pro rata or distributive share  
9 and computing the tax under this subsection, an electing partnership  
10 shall add back any amount of Nebraska income tax imposed under the  
11 Nebraska Revenue Act of 1967 and deducted by the electing partnership for  
12 federal income tax purposes under section 164 of the Internal Revenue  
13 Code;

14 (e) A nonresident individual who is a partner of an electing  
15 partnership shall not be required to file a Nebraska tax return for a  
16 taxable year if, for such taxable year, the only source of income derived  
17 from or connected with sources within this state for such partner, or for  
18 the partner and the partner's spouse if a joint federal income tax return  
19 is filed, is from one or more electing partnerships or electing small  
20 business corporations as defined in subdivision (9)(a) of section  
21 77-2734.01 for such taxable year and such nonresident individual  
22 partner's tax under the Nebraska Revenue Act of 1967 would be fully  
23 satisfied by the credit allowed to such partner under subdivision (g) of  
24 this subsection;

25 (f) If the amount calculated under subdivision (a) of this  
26 subsection results in a net operating loss, such net operating loss may  
27 not be carried forward to succeeding taxable years;

28 (g)(i) A refundable credit shall be available to the partners in an  
29 amount equal to their pro rata or distributive share of the Nebraska  
30 income tax paid by the electing partnership. For tax returns filed for  
31 taxable years beginning or deemed to begin on or after January 1, 2022,

1 such credit shall be allowed for the same taxable year for which the  
2 election is made, without regard to the year in which the tax is paid to  
3 Nebraska or deducted on a federal income tax return;

4 (ii) In the case of a partnership or small business corporation that  
5 is a partner of an electing partnership, the refundable credit under this  
6 subdivision (g) shall (A) be allowed to its partners or shareholders in  
7 accordance with the determination of income and distributive share of the  
8 Nebraska income tax paid by the electing partnership or (B) be applied  
9 against the partner's tax, interest, and penalty. Any excess credit  
10 deemed an overpayment may be refunded or applied to the subsequent tax  
11 year;

12 (iii) If a partnership making the election under this subsection is  
13 a partner of another electing partnership, net income shall be computed  
14 as provided in subsection (1) of this section. The upper tier electing  
15 partnership shall claim a credit for the tax paid by the lower tier  
16 electing partnership. The upper tier electing partnership shall  
17 distribute out the pro rata or distributive share of the credits to its  
18 partners for tax paid under this subsection by all tiers of electing  
19 partnerships. As used in this subdivision, the term lower tier electing  
20 partnership means an electing partnership in which some or all of the  
21 partners are an electing partnership. The term upper tier electing  
22 partnership means an electing partnership that is a partner of a lower  
23 tier electing partnership. An electing partnership may have two or more  
24 tiers; and

25 (h)(i) For tax years beginning or deemed to begin on or after  
26 January 1, 2018, but prior to January 1, 2023, the electing partnership  
27 shall ~~must~~ make the election under this subsection on or after January 1,  
28 2023, but before December 31, 2025, in the form and manner prescribed by  
29 the Tax Commissioner for all years for which the election under this  
30 subsection is made on behalf of the electing partnership. The Tax  
31 Commissioner shall establish the form and manner, which shall not include

1 any changes to the past returns other than those that are directly  
2 related to the election under this subsection.

3 (ii) Notwithstanding any other provision of law, if an electing  
4 partnership files in the form and manner as specified in subdivision (h)  
5 (i) of this subsection, the deadline for filing a claim for credit or  
6 refund prescribed in section 77-2793 shall be extended for affected  
7 partners of the electing partnership until the timeframe specified in  
8 section 77-2793 or January 31, 2026, whichever is later. The resulting  
9 claim of refund for tax years beginning prior to January 1, 2023, shall  
10 be submitted in the form and manner as prescribed by the Tax  
11 Commissioner. Neither the electing partnership nor its partners shall  
12 incur any penalties for late filing nor owe interest on such amounts. The  
13 Tax Commissioner shall not be required to pay interest on any amounts  
14 owed to the partners resulting from such refund claims.

15 (iii) Notwithstanding the dates provided in subdivision (h)(i) of  
16 this subsection, the Tax Commissioner shall have one year from the date  
17 an electing partnership files in the form and manner as specified in  
18 subdivision (h)(i) of this subsection to review and make a written  
19 proposed deficiency determination in accordance with section 77-2786. Any  
20 notice of deficiency determination made as specified in this subdivision  
21 may be enforced at any time within six years from the date of the notice  
22 of deficiency determination.

23 (7) For purposes of this section:

24 (a) Electing partnership means, with respect to a taxable period, an  
25 eligible partnership that has made an election pursuant to subsection (6)  
26 of this section with respect to such taxable period; and

27 (b) Eligible partnership means any partnership as provided for in  
28 section 7701(a)(2) of the Internal Revenue Code that has a filing  
29 requirement under the Nebraska Revenue Act of 1967 other than a publicly  
30 traded partnership as defined in section 7704 of the Internal Revenue  
31 Code. An eligible partnership includes any entity, including a limited

1 liability company, treated as a partnership for federal income tax  
2 purposes that otherwise meets the requirements of this subdivision.

3 (8) For purposes of this section, any partner that is a grantor  
4 trust of a nonresident shall be disregarded and this section shall apply  
5 as though the nonresident grantor was the partner.

6 **Sec. 32.** Section 77-2734.01, Revised Statutes Cumulative Supplement,  
7 2024, is amended to read:

8 77-2734.01 (1) Residents of Nebraska who are shareholders of a small  
9 business corporation having an election in effect under subchapter S of  
10 the Internal Revenue Code or who are members of a limited liability  
11 company organized pursuant to the Nebraska Uniform Limited Liability  
12 Company Act shall include in their Nebraska taxable income, to the extent  
13 includable in federal gross income, their proportionate share of such  
14 corporation's or limited liability company's federal income adjusted  
15 pursuant to this section. Income or loss from such corporation or limited  
16 liability company conducting a business, trade, profession, or occupation  
17 shall be included in the Nebraska taxable income of a shareholder or  
18 member who is a resident of this state to the extent of such  
19 shareholder's or member's proportionate share of the net income or loss  
20 from the conduct of such business, trade, profession, or occupation  
21 within this state, determined under subsection (2) of this section. A  
22 resident of Nebraska shall include in Nebraska taxable income fair  
23 compensation for services rendered to such corporation or limited  
24 liability company. Compensation actually paid shall be presumed to be  
25 fair unless it is apparent to the Tax Commissioner that such compensation  
26 is materially different from fair value for the services rendered or has  
27 been manipulated for tax avoidance purposes.

28 (2) The income of any small business corporation having an election  
29 in effect under subchapter S of the Internal Revenue Code or limited  
30 liability company organized pursuant to the Nebraska Uniform Limited  
31 Liability Company Act that is derived from or connected with Nebraska

1 sources shall be determined in the following manner:

2 (a) If the small business corporation is a member of a unitary  
3 group, the small business corporation shall be deemed to be doing  
4 business within this state if any part of its income is derived from  
5 transactions with other members of the unitary group doing business  
6 within this state, and such corporation shall apportion its income by  
7 using the apportionment factor determined for the entire unitary group,  
8 including the small business corporation, under sections 77-2734.05 to  
9 77-2734.15;

10 (b) If the small business corporation or limited liability company  
11 is not a member of a unitary group and is subject to tax in another  
12 state, it shall apportion its income under sections 77-2734.05 to  
13 77-2734.15; and

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

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

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

30 (5) For taxable years beginning or deemed to begin before January 1,  
31 2013, in the absence of the nonresident shareholder's or member's

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

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

28 (7) A small business corporation or limited liability company return  
29 shall be filed if the small business corporation or limited liability  
30 company has income derived from Nebraska sources.

31 (8) Notwithstanding any provision of this section to the contrary:

1 (a) For tax years beginning or deemed to begin on or after January  
2 1, 2018, a small business corporation may annually make an irrevocable  
3 election to pay the taxes, interest, or penalties levied by the Nebraska  
4 Revenue Act of 1967 at the entity level for the taxable period covered by  
5 such return. For tax years beginning on or after January 1, 2023, such  
6 election may be made on the applicable income tax return and shall ~~must~~  
7 be made on or before the due date for filing the applicable income tax  
8 return, including any extensions that have been granted;

9 (b) An electing small business corporation with respect to a taxable  
10 period shall pay an income tax equivalent to the highest individual  
11 income tax rate provided in section 77-2715.03 multiplied by the electing  
12 small business corporation's net income as apportioned or allocated to  
13 this state in accordance with the Nebraska Revenue Act of 1967, for such  
14 taxable period;

15 (c) An electing small business corporation shall be treated as a  
16 corporation with respect to the requirements of section 77-2769 for  
17 payments of estimated tax. The requirement for payment of estimated tax  
18 under section 77-2769 shall not apply for tax years beginning prior to  
19 January 1, 2024. Payments of estimated tax made by an eligible small  
20 business corporation that does not make an election under this subsection  
21 shall be treated as income tax withholding on behalf of the shareholders;

22 (d) Except as provided in subdivision (e) of this subsection, the  
23 shareholders of an electing small business corporation shall ~~must~~ file a  
24 Nebraska return to report their pro rata or distributive share of the  
25 income of the electing small business corporation in accordance with the  
26 Nebraska Revenue Act of 1967, as applicable. In determining the sum of  
27 its pro rata or distributive share and computing the tax under this  
28 subsection, an electing small business corporation shall add back any  
29 amount of Nebraska income tax imposed under the Nebraska Revenue Act of  
30 1967 and deducted by the electing small business corporation for federal  
31 income tax purposes under section 164 of the Internal Revenue Code;

1 (e) A nonresident individual who is a shareholder of an electing  
2 small business corporation shall not be required to file a Nebraska tax  
3 return for a taxable year if, for such taxable year, the only source of  
4 income derived from or connected with sources within this state for such  
5 shareholder, or for the shareholder and the shareholder's spouse if a  
6 joint federal income tax return is filed, is from one or more electing  
7 small business corporations or electing partnerships as defined in  
8 subdivision (7)(a) of section 77-2727 for such taxable year and such  
9 nonresident individual shareholder's tax under the Nebraska Revenue Act  
10 of 1967 would be fully satisfied by the credit allowed to such  
11 shareholder under subdivision (g) of this subsection;

12 (f) If the amount calculated under subdivision (a) of this  
13 subsection results in a net operating loss, such net operating loss may  
14 not be carried forward to succeeding taxable years;

15 (g) A refundable credit shall be available to the shareholders in an  
16 amount equal to their pro rata or distributive share of the Nebraska  
17 income tax paid by the electing small business corporation. For tax  
18 returns filed for taxable years beginning or deemed to begin on or after  
19 January 1, 2022, such credit shall be allowed for the same taxable year  
20 for which the election is made, without regard to the year in which the  
21 tax is paid to Nebraska or deducted on a federal income tax return; and

22 (h)(i) For tax years beginning or deemed to begin on or after  
23 January 1, 2018, but prior to January 1, 2023, the electing small  
24 business corporation shall ~~must~~ make the election under this subsection  
25 on or after January 1, 2023, but before December 31, 2025, in the form  
26 and manner prescribed by the Tax Commissioner for all years for which the  
27 election under this subsection is made on behalf of the electing small  
28 business corporation. The Tax Commissioner shall establish the form and  
29 manner, which shall not include any changes to the past returns other  
30 than those that are directly related to the election under this  
31 subsection.

1           (ii) Notwithstanding any other provision of law, if an electing  
2 small business corporation files in the form and manner as specified in  
3 subdivision (h)(i) of this subsection, the deadline for filing a claim  
4 for credit or refund prescribed in section 77-2793 shall be extended for  
5 affected shareholders of the electing small business corporation until  
6 the timeframe specified in section 77-2793 or January 31, 2026, whichever  
7 is later. The resulting claim of refund for tax years beginning prior to  
8 January 1, 2023, shall be submitted in the form and manner as prescribed  
9 by the Tax Commissioner. Neither the electing small business corporation  
10 nor its shareholders shall incur any penalties for late filing nor owe  
11 interest on such amounts. The Tax Commissioner shall not be required to  
12 pay interest on any amounts owed to the shareholders resulting from such  
13 refund claims.

14           (iii) Notwithstanding the dates provided in subdivision (h)(i) of  
15 this subsection, the Tax Commissioner shall have one year from the date  
16 an electing small business corporation files in the form and manner as  
17 specified in subdivision (h)(i) of this subsection to review and make a  
18 written proposed deficiency determination in accordance with section  
19 77-2786. Any notice of deficiency determination made as specified in this  
20 subdivision may be enforced at any time within six years from the date of  
21 the notice of deficiency determination.

22           (9) For purposes of this section:

23           (a) Electing small business corporation means, with respect to a  
24 taxable period, an eligible small business corporation having an election  
25 in effect under subchapter S of the Internal Revenue Code that has made  
26 an election pursuant to subsection (8) of this section with respect to  
27 such taxable period; and

28           (b) Eligible small business corporation means an entity subject to  
29 taxation under subchapter S of the Internal Revenue Code and the  
30 regulations thereunder.

31           (10) For purposes of this section, any shareholder or member of the

1 corporation or limited liability company that is a grantor trust of a  
2 nonresident shall be disregarded and this section shall apply as though  
3 the nonresident grantor was the shareholder or member.

4 **Sec. 33.** Section 77-2776, Revised Statutes Cumulative Supplement,  
5 2024, is amended to read:

6 77-2776 (1) As soon as practical after an income tax return is  
7 filed, the Tax Commissioner shall examine it to determine the correct  
8 amount of tax. If the Tax Commissioner finds that the amount of tax shown  
9 on the return is less than the correct amount, he or she shall notify the  
10 taxpayer of the amount of the deficiency proposed to be assessed. If the  
11 Tax Commissioner finds that the tax paid is more than the correct amount,  
12 he or she shall credit the overpayment against any taxes due by the  
13 taxpayer and refund the difference. The Tax Commissioner shall, upon  
14 request, make prompt assessment of taxes due as provided by the laws of  
15 the United States for federal income tax purposes.

16 (2) If the taxpayer fails to file an income tax return, the Tax  
17 Commissioner shall estimate the taxpayer's tax liability from any  
18 available information and notify the taxpayer of the amount proposed to  
19 be assessed as in the case of a deficiency.

20 (3) A notice of deficiency shall set forth the reason for the  
21 proposed assessment or for the change in the amount of credit or loss to  
22 be carried over to another year. The notice shall include a written  
23 statement containing the details of the facts, circumstances, and reasons  
24 the Tax Commissioner used to determine that the taxpayer did not report  
25 the correct amount of tax. The notice may be mailed to the taxpayer at  
26 his or her last-known address. In the case of a joint return, the notice  
27 of deficiency may be a single joint notice, except that if the Tax  
28 Commissioner is notified by either spouse that separate residences have  
29 been established, the Tax Commissioner shall mail joint notices to each  
30 spouse. If the taxpayer is deceased or under a legal disability, a notice  
31 of deficiency may be mailed to his or her last-known address unless the

1 Tax Commissioner has received notice of the existence of a fiduciary  
2 relationship with respect to such taxpayer.

3 (4) A notice of deficiency regarding an item of entity income may be  
4 mailed to the entity at its last-known address or to the address of the  
5 entity's tax matters person for federal income tax purposes. Such notice  
6 shall be deemed to have been received by each partner, shareholder, or  
7 member of such entity, but only for items of entity income reported by  
8 the partner, shareholder, or member. The actions taken thereon on behalf  
9 of the partnership, limited liability company, small business  
10 corporation, estate, or trust are binding on the partners, members,  
11 shareholders, or beneficiaries.

12 **Sec. 34.** Section 77-7305, Revised Statutes Cumulative Supplement,  
13 2024, is amended to read:

14 77-7305 (1) The School District Property Tax Relief Act shall apply  
15 to tax year 2024 and each tax year thereafter. For tax year 2024, the  
16 total amount of relief granted under the act shall be seven hundred fifty  
17 million dollars. For tax year 2025, the total amount of relief granted  
18 under the act shall be seven hundred eighty million dollars. For tax year  
19 2026, the total amount of relief granted under the act shall be eight  
20 hundred eight million dollars. For tax year 2027, the total amount of  
21 relief granted under the act shall be eight hundred thirty-eight million  
22 dollars. For tax year 2028, the total amount of relief granted under the  
23 act shall be eight hundred seventy million dollars. For tax year 2029,  
24 the total amount of relief granted under the act shall be nine hundred  
25 two million dollars. For tax year 2030 and each tax year thereafter, the  
26 total amount of relief granted under the act shall be the total amount of  
27 relief from the prior year increased by three percent. The relief shall  
28 be in the form of property tax credits which appear on property tax  
29 statements. Property tax credits granted under the act shall be credited  
30 against the amount of property taxes owed to school districts.

31 (2) To determine the amount of the property tax credit for each

1 parcel, the county treasurer shall multiply the amount disbursed to the  
2 county under subsection (4) of this section by the ratio of the school  
3 district taxes levied in the current ~~prior~~ year on the parcel to the  
4 school district taxes levied in the current ~~prior~~ year on all real  
5 property in the county. The amount so determined shall be the property  
6 tax credit for that parcel.

7 (3) If the real property owner qualifies for a homestead exemption  
8 under sections 77-3501 to 77-3529, the owner shall also be qualified for  
9 the property tax credit provided in this section to the extent of any  
10 remaining liability after calculation of the homestead exemption. If the  
11 property tax credit provided in this section results in a property tax  
12 liability on the homestead that is less than zero, the amount of the  
13 credit which cannot be used by the taxpayer shall be returned to the  
14 Property Tax Administrator by July 1 of the year the amount disbursed to  
15 the county was disbursed. The Property Tax Administrator shall  
16 immediately credit any funds returned under this subsection to the School  
17 District Property Tax Relief Credit Fund. Upon the return of any funds  
18 under this subsection, the county treasurer shall electronically file a  
19 report with the Property Tax Administrator, on a form prescribed by the  
20 Tax Commissioner, indicating the amount of funds distributed to each  
21 school district in the county in the year the funds were returned and the  
22 amount of unused credits returned.

23 (4) The amount disbursed to each county under this section shall be  
24 equal to the amount available for disbursement under subsection (1) of  
25 this section multiplied by the ratio of the school district taxes levied  
26 in the prior year on all real property in the county to the school  
27 district taxes levied in the prior year on all real property in the  
28 state. By September 15, 2024, and by September 15 of each year  
29 thereafter, the Property Tax Administrator shall determine the amount to  
30 be disbursed under this subsection to each county and shall certify such  
31 amounts to the State Treasurer and to each county. The disbursements to

1 the counties shall occur in two equal payments, the first on or before  
2 January 31 and the second on or before April 1.

3 (5) After retaining one percent of the amount ~~The county treasurer~~  
4 ~~shall disburse amounts~~ received under subsection (4) of this section for  
5 costs, the county treasurer shall disburse the remaining funds, which are  
6 credited against the amount of property taxes owed to school districts,  
7 in the same manner as if such funds had been received in the form of  
8 property tax payments for property taxes owed to school districts,  
9 meaning any amounts attributable to divided taxes pursuant to section  
10 18-2147 of the Community Development Law shall be remitted to the  
11 applicable authority for which such taxes were divided.

12 (6) The School District Property Tax Relief Credit Fund shall be  
13 used for purposes of making the disbursements to counties required under  
14 subsection (4) of this section.

15 **Sec. 35.** Section 85-1801, Reissue Revised Statutes of Nebraska, is  
16 amended to read:

17 ~~85-1801~~ The Legislature finds that the general welfare and well-  
18 being of the state are directly related to educational levels and skills  
19 of the citizens of the state and that a vital and valid public purpose is  
20 served by the creation and implementation of programs which encourage and  
21 make possible the attainment of higher levels of education by the  
22 greatest number of citizens of the state. The state has limited resources  
23 to provide additional programs for ~~higher~~ education funding and the  
24 continued operation and maintenance of the state's public institutions of  
25 elementary, secondary, and postsecondary ~~higher~~ education, and the  
26 general welfare of the citizens of the state will be enhanced by  
27 establishing a program which allows parents and others interested in the  
28 ~~higher~~ education of our youth to invest money in a public trust for  
29 future application to the payment of qualified ~~higher~~ education expenses.  
30 The creation of the means of encouragement for persons to invest in such  
31 a program represents the carrying out of a vital and valid public

1 purpose. In order to make available to parents and others interested in  
2 the ~~higher~~ education of our youth an opportunity to fund future ~~higher~~  
3 education needs, it is necessary that a public trust be established in  
4 which money may be invested for future educational use.

5 **Sec. 36.** Section 85-1802, Reissue Revised Statutes of Nebraska, is  
6 amended to read:

7 ~~85-1802~~ For purposes of sections 35 85-1801 to 50 of this act  
8 ~~85-1817~~:

9 (1) Administrative fund means the Education College Savings Plan  
10 Administrative Fund created in section 40 of this act 85-1807;

11 (2) Beneficiary means the individual designated by a participation  
12 agreement to benefit from advance payments of qualified ~~higher~~ education  
13 expenses on behalf of the beneficiary;

14 (3) Benefits means the payment of qualified ~~higher~~ education  
15 expenses on behalf of a beneficiary or, in the case of a qualified  
16 education loan payment, on behalf of a beneficiary or the sibling of a  
17 beneficiary by the Nebraska educational savings plan trust;

18 (4) Eligible postsecondary educational institution means an  
19 institution described in 20 U.S.C. 1088 which is eligible to participate  
20 in a program under Title IV of the federal Higher Education Act of 1965;

21 (5) Expense fund means the Education College Savings Plan Expense  
22 Fund created in section 40 of this act 85-1807;

23 (6) Nebraska educational savings plan trust means the trust created  
24 in section 37 of this act 85-1804;

25 (7) Nonqualified withdrawal refers to (a) a distribution from an  
26 account to the extent it is not used to pay the qualified ~~higher~~  
27 education expenses of the beneficiary or, in the case of a qualified  
28 education loan payment, to the extent it is not used to pay the qualified  
29 ~~higher~~ education expenses of the beneficiary or a sibling of the  
30 beneficiary or to the extent it does not constitute a rollover to a Roth  
31 individual retirement account as permitted by section 529 of the Internal

1 Revenue Code, (b) a qualified rollover permitted by section 529 of the  
2 Internal Revenue Code where the funds are transferred to a qualified  
3 tuition program sponsored by another state or entity, or (c) until  
4 January 1, 2029, a distribution from an account to pay the costs of  
5 attending kindergarten through grade twelve;

6 (8) Participant or account owner means an individual, an  
7 individual's legal representative, or any other legal entity authorized  
8 to establish a savings account under section 529 of the Internal Revenue  
9 Code who has entered into a participation agreement for the advance  
10 payment of qualified ~~higher~~ education expenses on behalf of a  
11 beneficiary. For purposes of section 77-2716, as to contributions by a  
12 custodian to a custodial account established pursuant to the Nebraska  
13 Uniform Transfers to Minors Act or similar law in another state, which  
14 account has been established under a participation agreement, participant  
15 includes the parent or guardian of a minor, which parent or guardian is  
16 also the custodian of the account;

17 (9) Participation agreement means an agreement between a participant  
18 and the Nebraska educational savings plan trust entered into under  
19 sections ~~35 85-1801~~ to 50 of this act 85-1817;

20 (10) Program fund means the Education College Savings Plan Program  
21 Fund created in section 40 of this act 85-1807;

22 (11) Qualified education loan payment means the payment of principal  
23 or interest on a qualified education loan as defined in 26 U.S.C. 221(d),  
24 as such section existed on January 1, 2022, of the beneficiary or a  
25 sibling of the beneficiary as described in 26 U.S.C. 152(d)(2)(B), as  
26 such section existed on January 1, 2022. For purposes of this  
27 subdivision, the aggregate total of qualified education loan payments for  
28 the qualified education loans of a single beneficiary or sibling shall  
29 not exceed ten thousand dollars for all taxable years combined. The  
30 aggregate total for qualified education loan payments for the qualified  
31 education loans of a sibling of a beneficiary shall be calculated with

1 respect to such sibling and not with respect to the beneficiary and shall  
2 include all qualified education loan payments for loans of such sibling,  
3 including any qualified education loan payments for which such sibling is  
4 the beneficiary or the sibling of a beneficiary;

5 (12)(a) (12) Qualified higher education expenses means:

6 (i) The the certified costs of tuition, and fees, books, supplies,  
7 and equipment required (A) (a) for enrollment or attendance at an  
8 eligible postsecondary educational institution or (B) (b) for costs  
9 incurred on or after January 1, 2021, for participation in an  
10 apprenticeship program registered and certified with the United States  
11 Secretary of Labor under 29 U.S.C. 50, as such section existed on January  
12 1, 2021; -

13 (ii) Reasonable room and board expenses, based on the minimum amount  
14 applicable for the eligible postsecondary educational institution during  
15 the period of enrollment, shall be included as qualified higher  
16 education expenses for those students enrolled on at least a half-time  
17 basis; -

18 (iii) In the case of a special needs beneficiary, expenses for  
19 special needs services incurred in connection with enrollment or  
20 attendance at an eligible postsecondary educational institution; shall be  
21 included as qualified higher education expenses.-

22 (iv) Expenses paid or incurred on or after January 1, 2022, for the  
23 purchase of computer technology or equipment or Internet access and  
24 related services in connection with enrollment or attendance at an  
25 eligible postsecondary educational institution, subject to the  
26 limitations set forth in section 529 of the Internal Revenue Code; -  
27 shall be included as qualified higher education expenses.-

28 (v) Qualified higher education expenses includes qualified education  
29 loan payments; or -

30 (vi) Beginning January 1, 2029, expenses for tuition in connection  
31 with enrollment or attendance at an elementary or secondary school but

1 does not include any amounts in excess of ten thousand dollars per  
2 beneficiary per taxable year.

3 (b) Qualified higher education expenses does not include any amounts  
4 in excess of those allowed by section 529 of the Internal Revenue Code;

5 (13) Section 529 of the Internal Revenue Code means such section of  
6 the code and the regulations interpreting such section; and

7 (14) Tuition ~~and fees~~ means:

8 (a) Beginning January 1, 2029, for purposes of an elementary or  
9 secondary school, the charges imposed for tuition in connection with  
10 enrollment or attendance at such elementary or secondary school; and

11 (b) For purposes of an eligible postsecondary educational  
12 institution, the quarter or semester charges imposed to attend an  
13 eligible postsecondary educational institution.

14 **Sec. 37.** Section 85-1804, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 ~~85-1804~~ The Nebraska educational savings plan trust is created. The  
17 State Treasurer is the trustee of the trust and as such is responsible  
18 for the administration, operation, and maintenance of the program and has  
19 all powers necessary to carry out and effectuate the purposes,  
20 objectives, and provisions of sections 35 ~~85-1801~~ to 50 of this act  
21 ~~85-1817~~ pertaining to the administration, operation, and maintenance of  
22 the trust and program, except that the state investment officer shall  
23 have fiduciary responsibility to make all decisions regarding the  
24 investment of the money in the administrative fund, expense fund, and  
25 program fund, including the selection of all investment options and the  
26 approval of all fees and other costs charged to trust assets except costs  
27 for administration, operation, and maintenance of the trust as  
28 appropriated by the Legislature, pursuant to the directions, guidelines,  
29 and policies established by the Nebraska Investment Council. The State  
30 Treasurer may adopt and promulgate rules and regulations to provide for  
31 the efficient administration, operation, and maintenance of the trust and

1 program. The State Treasurer shall not adopt and promulgate rules and  
2 regulations that in any way interfere with the fiduciary responsibility  
3 of the state investment officer to make all decisions regarding the  
4 investment of money in the administrative fund, expense fund, and program  
5 fund. The State Treasurer or his or her designee shall have the power to:

6 (1) Enter into agreements with any eligible postsecondary  
7 educational institution, the state, any federal or other state agency, or  
8 any other entity to implement sections 35\_85-1801 to 50 of this act  
9 85-1817, except agreements which pertain to the investment of money in  
10 the administrative fund, expense fund, or program fund;

11 (2) Beginning January 1, 2029, enter into agreements with any  
12 elementary or secondary school to implement sections 35 to 50 of this  
13 act, except agreements which pertain to the investment of money in the  
14 administrative fund, expense fund, or program fund;

15 (3) (2) Carry out the duties and obligations of the trust;

16 (4) (3) Carry out studies and projections to advise participants  
17 regarding present and estimated future qualified higher education  
18 expenses and levels of financial participation in the trust required in  
19 order to enable participants to achieve their educational funding  
20 objectives;

21 (5) (4) Participate in any federal, state, or local governmental  
22 program for the benefit of the trust;

23 (6) (5) Procure insurance against any loss in connection with the  
24 property, assets, or activities of the trust as provided in section  
25 81-8,239.01;

26 (7) (6) Enter into participation agreements with participants;

27 (8) (7) Make payments to elementary or secondary schools or eligible  
28 postsecondary educational institutions pursuant to participation  
29 agreements on behalf of beneficiaries and make qualified education loan  
30 payments on behalf of beneficiaries or their siblings;

31 (9) (8) Make distributions to participants upon the termination of

1 participation agreements pursuant to the provisions, limitations, and  
2 restrictions set forth in sections ~~35 85-1801~~ to ~~50 of this act 85-1817~~;

3 ~~(10) (9)~~ Contract for goods and services and engage personnel as  
4 necessary, including consultants, actuaries, managers, legal counsels,  
5 and auditors for the purpose of rendering professional, managerial, and  
6 technical assistance and advice regarding trust administration and  
7 operation, except contracts which pertain to the investment of the  
8 administrative, expense, or program funds; and

9 ~~(11) (10)~~ Establish, impose, and collect administrative fees and  
10 charges in connection with transactions of the trust, and provide for  
11 reasonable service charges, including penalties for cancellations and  
12 late payments with respect to participation agreements.

13 The Nebraska Investment Council may adopt and promulgate rules and  
14 regulations to provide for the prudent investment of the assets of the  
15 trust. The council or its designee also has the authority to select and  
16 enter into agreements with individuals and entities to provide investment  
17 advice and management of the assets held by the trust, establish  
18 investment guidelines, objectives, and performance standards with respect  
19 to the assets held by the trust, and approve any fees, commissions, and  
20 expenses, which directly or indirectly affect the return on assets.

21 **Sec. 38.** Section 85-1805, Reissue Revised Statutes of Nebraska, is  
22 amended to read:

23 ~~85-1805~~ Any advertising or promotional materials relating to the  
24 Nebraska educational savings plan trust may include references to a  
25 public office but shall not refer to an officeholder by name.

26 **Sec. 39.** Section 85-1806, Reissue Revised Statutes of Nebraska, is  
27 amended to read:

28 ~~85-1806~~ The Nebraska educational savings plan trust may enter into  
29 participation agreements with participants on behalf of beneficiaries  
30 pursuant to the following terms and conditions:

31 (1) A participation agreement shall authorize a participant to make

1 contributions to an account which is established for the purpose of  
2 meeting the qualified ~~higher~~ education expenses of a beneficiary as  
3 allowed by section 529 of the Internal Revenue Code. A participant shall  
4 not be required to make an annual contribution on behalf of a  
5 beneficiary, shall not be subject to minimum contribution requirements,  
6 and shall not be required to maintain a minimum account balance. The  
7 maximum contribution shall not exceed the amount allowed under section  
8 529 of the Internal Revenue Code. The State Treasurer may set a maximum  
9 cumulative contribution, as necessary, to maintain compliance with  
10 section 529 of the Internal Revenue Code. Participation agreements may be  
11 amended to provide for adjusted levels of contributions based upon  
12 changed circumstances or changes in educational plans or to ensure  
13 compliance with section 529 of the Internal Revenue Code or any other  
14 applicable laws and regulations;

15 (2) Beneficiaries designated in participation agreements shall meet  
16 the requirements established by the trustee and section 529 of the  
17 Internal Revenue Code;

18 (3) Payment of benefits provided under participation agreements  
19 shall be made in a manner consistent with section 529 of the Internal  
20 Revenue Code;

21 (4) The execution of a participation agreement by the trust shall  
22 not guarantee in any way that qualified ~~higher~~ education expenses will be  
23 equal to projections and estimates provided by the trust or that the  
24 beneficiary named in any participation agreement will (a) be admitted to  
25 an eligible postsecondary educational institution, (b) if admitted, be  
26 determined a resident for tuition purposes by the eligible postsecondary  
27 educational institution, (c) be allowed to continue attendance at the  
28 eligible postsecondary educational institution following admission, or  
29 (d) graduate from the eligible postsecondary educational institution;

30 (5) Beginning January 1, 2029, the execution of a participation  
31 agreement by the trust shall not guarantee in any way that qualified

1 education expenses will be equal to projections and estimates provided by  
2 the trust or that the beneficiary named in any participation agreement  
3 will (a) be admitted to an elementary or secondary school, (b) if  
4 admitted, be determined a resident for tuition purposes by the elementary  
5 or secondary school, (c) be allowed to continue attendance at the  
6 elementary or secondary school following admission, or (d) graduate from  
7 the elementary or secondary school;

8       (6) (5) A beneficiary under a participation agreement may be changed  
9 as permitted under the rules and regulations adopted under sections 35  
10 85-1801 to 50 of this act 85-1817 and consistent with section 529 of the  
11 Internal Revenue Code upon written request of the participant as long as  
12 the substitute beneficiary is eligible for participation. Participation  
13 agreements may otherwise be freely amended throughout their term in order  
14 to enable participants to increase or decrease the level of  
15 participation, change the designation of beneficiaries, and carry out  
16 similar matters as authorized by rule and regulation; and

17       (7) (6) Each participation agreement shall provide that the  
18 participation agreement may be canceled upon the terms and conditions and  
19 upon payment of applicable fees and costs set forth and contained in the  
20 rules and regulations.

21       **Sec. 40.** Section 85-1807, Reissue Revised Statutes of Nebraska, is  
22 amended to read:

23       ~~85-1807~~ (1) The State Treasurer shall deposit money received by the  
24 Nebraska educational savings plan trust into three funds: The Education  
25 College Savings Plan Program Fund, the Education College Savings Plan  
26 Expense Fund, and the Education College Savings Plan Administrative Fund.  
27 The State Treasurer shall deposit money received by the trust into the  
28 appropriate fund. The State Treasurer and Accounting Administrator of the  
29 Department of Administrative Services shall determine the state fund  
30 types necessary to comply with section 529 of the Internal Revenue Code  
31 and state policy. The money in the funds shall be invested by the state

1 investment officer pursuant to policies established by the Nebraska  
2 Investment Council. The program fund, the expense fund, and the  
3 administrative fund shall be separately administered. The Nebraska  
4 educational savings plan trust shall be operated with no General Fund  
5 appropriations.

6 (2) The Education College Savings Plan Program Fund is created. All  
7 money paid in connection with participation agreements and all investment  
8 income earned on such money shall be deposited as received into separate  
9 accounts within the program fund. Contributions to the trust may only be  
10 made in the form of cash. All funds generated in connection with  
11 participation agreements shall be deposited into the appropriate accounts  
12 within the program fund. A participant or beneficiary shall not provide  
13 investment direction regarding program contributions or earnings held by  
14 the trust. Until January 1, 2029, money Money accrued in the program fund  
15 may be used for the benefit of a beneficiary for payments to any eligible  
16 postsecondary educational institution, but shall not be used to pay  
17 expenses associated with attending kindergarten through grade twelve.  
18 Beginning January 1, 2029, money accrued in the program fund may be used  
19 for the benefit of a beneficiary for payments to any elementary or  
20 secondary school or eligible postsecondary educational institution. Any  
21 money in the program fund available for investment shall be invested by  
22 the state investment officer pursuant to the Nebraska Capital Expansion  
23 Act and the Nebraska State Funds Investment Act.

24 (3) The Education College Savings Plan Administrative Fund is  
25 created. Money from the trust transferred from the expense fund to the  
26 administrative fund in an amount authorized by an appropriation from the  
27 Legislature shall be utilized to pay for the costs of administering,  
28 operating, and maintaining the trust, to the extent permitted by section  
29 529 of the Internal Revenue Code. The administrative fund shall not be  
30 credited with any money other than money transferred from the expense  
31 fund in an amount authorized by an appropriation by the Legislature or

1 any interest income earned on the balances held in the administrative  
2 fund. Any money in the administrative fund available for investment shall  
3 be invested by the state investment officer pursuant to the Nebraska  
4 Capital Expansion Act and the Nebraska State Funds Investment Act.

5 (4)(a) The Education College Savings Plan Expense Fund is created.  
6 The expense fund shall be funded with fees assessed to the program fund.  
7 The State Treasurer shall use the expense fund:

8 (i) To pay costs associated with the Nebraska educational savings  
9 plan trust; and

10 (ii) For the purposes described in the Meadowlark Act;

11 ~~(iii) On or before September 1, 2020, to transfer from the expense~~  
12 ~~fund to the Department of Revenue Miscellaneous Receipts Fund fifty-nine~~  
13 ~~thousand five hundred dollars to defray the costs incurred to implement~~  
14 ~~Laws 2020, LB1042; and~~

15 (iii) ~~(iv)~~ To transfer from the expense fund to the State Investment  
16 Officer's Cash Fund an amount equal to the pro rata share of the budget  
17 appropriated to the Nebraska Investment Council as permitted in section  
18 72-1249.02, to cover reasonable expenses incurred for investment  
19 management of the Nebraska educational savings plan trust. Annually and  
20 prior to such transfer to the State Investment Officer's Cash Fund, the  
21 State Treasurer shall report to the budget division of the Department of  
22 Administrative Services and to the Legislative Fiscal Analyst the amounts  
23 transferred during the previous fiscal year. The report submitted to the  
24 Legislative Fiscal Analyst shall be submitted electronically.

25 (b) Any money in the expense fund available for investment shall be  
26 invested by the state investment officer pursuant to the Nebraska Capital  
27 Expansion Act and the Nebraska State Funds Investment Act.

28 **Sec. 41.** Section 85-1808, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30 ~~85-1808~~ (1) A participant may cancel a participation agreement at  
31 will by submitting a request to terminate the participation agreement.

1 Additionally, if a participant requests and obtains a nonqualified  
2 withdrawal, the participation agreement shall be deemed canceled with  
3 respect to the amount of the nonqualified withdrawal. A participation  
4 agreement shall not be deemed canceled if a participant requests and  
5 obtains a distribution of his or her entire account balance for qualified  
6 ~~higher~~ education expenses and subsequently closes his or her account.  
7 Furthermore, the State Treasurer shall have the power to terminate,  
8 freeze, or suspend a participation agreement if he or she determines that  
9 the participant provided false or misleading information to the detriment  
10 of the Nebraska educational savings plan trust, if the participant's  
11 account has a zero balance, or if the State Treasurer is unable to verify  
12 the identity of the participant.

13 (2) If a participation agreement is canceled for any of the causes  
14 listed in this subsection, the participant shall be entitled to receive  
15 the principal amount of all contributions made by the participant under  
16 the participation agreement plus the actual program fund investment  
17 income earned on the contributions, less any losses incurred on the  
18 investment, and such distribution will generally not be subject to  
19 federal tax penalty:

20 (a) Death of the beneficiary if the distribution is paid to the  
21 estate of the beneficiary or transferred to another beneficiary as set  
22 forth in subsection (10) of section 42 of this act ~~85-1809~~;

23 (b) Permanent disability or mental incapacity of the beneficiary;

24 (c) The beneficiary is awarded a scholarship as defined in section  
25 529 of the Internal Revenue Code, but only to the extent the distribution  
26 of earnings does not exceed the scholarship amount; or

27 (d) A qualified rollover is made as permitted by section 529 of the  
28 Internal Revenue Code, except that if a qualified rollover is made into a  
29 plan sponsored by another state or entity, the participation agreement  
30 shall be deemed to have been canceled for purposes of subdivision (8)(d)  
31 of section 77-2716 and federal adjusted gross income shall be increased

1 to the extent previously deducted as a contribution to the trust.

2 (3) Notwithstanding any other provisions of this section, under no  
3 circumstances shall a participant or beneficiary receive a distribution  
4 that is more than the fair market value of the specific account on the  
5 applicable liquidation date.

6 (4) If a participant cancels a participation agreement, obtains a  
7 rollover into a plan sponsored by another state or entity, or obtains a  
8 distribution, a portion of which constitutes a nonqualified withdrawal,  
9 the amount of the distribution, rollover, or withdrawal will be subject  
10 to recapture of previous Nebraska state income tax deductions as set  
11 forth in subdivision (8)(d) of section 77-2716. The transfer of assets  
12 among plans sponsored by the State of Nebraska shall be considered an  
13 investment option change and not a rollover.

14 **Sec. 42.** Section 85-1809, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 ~~85-1809~~ (1) A participant retains ownership of all contributions  
17 made under a participation agreement up to the date of utilization for  
18 payment of qualified higher education expenses for the beneficiary or, in  
19 the case of a qualified education loan payment, for the beneficiary or a  
20 sibling of the beneficiary. Notwithstanding any other provision of law,  
21 any amount credited to any account is not susceptible to any levy,  
22 execution, judgment, or other operation of law, garnishment, or other  
23 judicial enforcement, and the amount is not an asset or property of  
24 either the participant or the beneficiary for the purposes of any state  
25 insolvency or inheritance tax laws. All income derived from the  
26 investment of the contributions made by the participant shall be  
27 considered to be held in trust for the benefit of the beneficiary.

28 (2) If the program created by sections 35 ~~85-1801~~ to 50 of this act  
29 ~~85-1817~~ is terminated prior to payment of qualified higher education  
30 expenses, the participant is entitled to receive the fair market value of  
31 the account established in the program.

1 (3) If the beneficiary graduates from an eligible postsecondary  
2 educational institution and a balance remains in the participant's  
3 account, any remaining funds may be used to make qualified education loan  
4 payments for siblings of the beneficiary or transferred as allowed by  
5 rule or regulation, subject to the provisions of section 529 of the  
6 Internal Revenue Code, as well as any other applicable state or federal  
7 laws or regulations.

8 ~~(4)(a) (4)~~ The eligible postsecondary educational institution shall  
9 obtain ownership of the payments made for the qualified ~~higher~~ education  
10 expenses paid to the institution at the time each payment is made to the  
11 institution.

12 (b) Beginning January 1, 2029, the elementary or secondary school  
13 shall obtain ownership of the payments made for the qualified education  
14 expenses paid to the school at the time each payment is made to the  
15 school.

16 (5) Any amounts which may be paid to any person or persons pursuant  
17 to the Nebraska educational savings plan trust but which are not listed  
18 in this section are owned by the trust.

19 (6) A participant may transfer ownership rights to another eligible  
20 participant, including a gift of the ownership rights to a minor  
21 beneficiary. The transfer shall be made and the property distributed in  
22 accordance with the rules and regulations or with the terms of the  
23 participation agreement.

24 (7) A participant shall not be entitled to utilize any interest in  
25 the Nebraska educational savings plan trust as security for a loan.

26 (8) The Nebraska educational savings plan trust may accept transfers  
27 of cash investments from a custodian under the Nebraska Uniform Transfers  
28 to Minors Act or any other similar laws under the terms and conditions  
29 established by the trustee.

30 (9) A participant may designate a successor account owner to succeed  
31 to all of the participant's rights, title, and interest in an account,

1 including the right to change the account beneficiary, upon the death or  
2 legal incapacity of the participant. If a participant dies or becomes  
3 legally incapacitated and has failed to name a successor account owner,  
4 the account beneficiary shall become the account owner.

5 (10) Upon the death of a beneficiary, the participant may change the  
6 beneficiary on the account, transfer assets to another beneficiary who is  
7 a member of the family of the former beneficiary, or request a  
8 nonqualified withdrawal.

9 **Sec. 43.** Section 85-1810, Reissue Revised Statutes of Nebraska, is  
10 amended to read:

11 ~~85-1810~~ (1) A student loan program, student grant program, or other  
12 program administered by any agency of the state, except as may be  
13 otherwise provided by federal law or the provisions of any specific grant  
14 applicable to the federal law, shall not take into account and shall not  
15 consider amounts available for the payment of qualified higher education  
16 expenses pursuant to the Nebraska educational savings plan trust in  
17 determining need and eligibility for student aid.

18 (2) A government program administered by any agency of the state  
19 that provides benefits or aid to individuals based on financial need,  
20 except as may be otherwise provided by federal law or the provisions of  
21 any specific grant applicable to the federal law, shall not take into  
22 account and shall not consider contributions made to a participant's  
23 account by the participant's employer in determining the income of such  
24 participant.

25 **Sec. 44.** Section 85-1811, Reissue Revised Statutes of Nebraska, is  
26 amended to read:

27 ~~85-1811~~ (1) The State Treasurer shall submit an annual audited  
28 financial report, prepared in accordance with generally accepted  
29 accounting principles, on the operations of the Nebraska educational  
30 savings plan trust by November 1 to the Governor and the Legislature. The  
31 report submitted to the Legislature shall be submitted electronically.

1 The State Treasurer shall cause the audit to be made either by the  
2 Auditor of Public Accounts or by an independent certified public  
3 accountant designated by the State Treasurer, and the audit shall include  
4 direct and indirect costs attributable to the use of outside consultants,  
5 independent contractors, and any other persons who are not state  
6 employees.

7 (2) The annual audit shall be supplemented by all of the following  
8 information prepared by the State Treasurer:

9 (a) Any related studies or evaluations prepared in the preceding  
10 year;

11 (b) A summary of the benefits provided by the trust, including the  
12 number of participants and beneficiaries in the trust; and

13 (c) Any other information which is relevant in order to make a full,  
14 fair, and effective disclosure of the operations of the trust, including  
15 the investment performance of the funds.

16 **Sec. 45.** Section 85-1812, Reissue Revised Statutes of Nebraska, is  
17 amended to read:

18 ~~85-1812~~ (1) For federal income tax purposes, the Nebraska  
19 educational savings plan trust shall be considered a qualified state  
20 tuition program exempt from taxation pursuant to section 529 of the  
21 Internal Revenue Code. The trust meets the requirements of section 529(b)  
22 of the Internal Revenue Code as follows:

23 (a) Pursuant to section 39 of this act ~~85-1806~~, a participant may  
24 make contributions to an account which is established for the purpose of  
25 meeting the qualified higher education expenses of the designated  
26 beneficiary of the account or, in the case of a qualified education loan  
27 payment, the designated beneficiary of the account or a sibling of the  
28 designated beneficiary;

29 (b) Pursuant to section 39 of this act ~~85-1806~~, a maximum  
30 contribution level is established;

31 (c) Pursuant to section 40 of this act ~~85-1807~~, a separate account

1 is established for each beneficiary;

2 (d) Pursuant to section 40 of this act ~~85-1807~~, contributions may  
3 only be made in the form of cash;

4 (e) Pursuant to section 40 of this act ~~85-1807~~, a participant or  
5 beneficiary shall not provide investment direction regarding program  
6 contributions or earnings held by the trust;

7 (f) Penalties are provided on distributions of earnings which are:

8 (i) Not used for qualified higher education expenses of the beneficiary  
9 or, in the case of a qualified education loan payment, the beneficiary or  
10 a sibling of the beneficiary; (ii) made on account of the death of the  
11 designated beneficiary if the distribution is not transferred to another  
12 beneficiary or paid to the estate of the beneficiary; (iii) not made on  
13 account of the permanent disability or mental incapacity of the  
14 designated beneficiary; or (iv) made due to scholarship, allowance, or  
15 payment receipt in excess of the scholarship, allowance, or payment  
16 receipt; and

17 (g) Pursuant to section 42 of this act ~~85-1809~~, a participant shall  
18 not pledge any interest in the trust as security for a loan.

19 (2) State income tax treatment of the Nebraska educational savings  
20 plan trust shall be as provided in section 77-2716.

21 (3) For purposes of federal gift and generation-skipping transfer  
22 taxes, contributions to an account are considered a completed gift from  
23 the contributor to the beneficiary.

24 **Sec. 46.** Section 85-1813, Reissue Revised Statutes of Nebraska, is  
25 amended to read:

26 ~~85-1813~~ The assets of the Nebraska educational savings plan trust,  
27 including the program fund and excluding the administrative fund and the  
28 expense fund, shall at all times be preserved, invested, and expended  
29 solely and only for the purposes of the trust and shall be held in trust  
30 for the participants and beneficiaries. No property rights in the trust  
31 shall exist in favor of the state. Assets of the trust, including the

1 program fund, the administrative fund, and the expense fund, shall not be  
2 transferred or used by the state for any purposes other than the purposes  
3 of the trust.

4 **Sec. 47.** Section 85-1814, Reissue Revised Statutes of Nebraska, is  
5 amended to read:

6 ~~85-1814~~ Nothing in sections 35 85-1801 to 46 of this act 85-1813  
7 shall be deemed to prohibit both resident and nonresident participants  
8 and designated beneficiaries from being eligible to participate in and  
9 benefit from the Nebraska educational savings plan trust and program. It  
10 is the intent of the Legislature that funds and income credited to the  
11 program fund are fully portable and may be used at any eligible  
12 postsecondary educational institution and beginning January 1, 2029, at  
13 any elementary or secondary school.

14 **Sec. 48.** Section 85-1815, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 ~~85-1815~~ (1) The College Savings Incentive Cash Fund is created. The  
17 fund shall be administered by the State Treasurer and shall be used to  
18 provide incentive payments under the Employer Matching Contribution  
19 Incentive Program established in section 49 of this act 85-1816 and to  
20 provide matching scholarships under the College Savings Plan Low-Income  
21 Matching Scholarship Program established in section 50 of this act  
22 ~~85-1817~~. The State Treasurer shall accept contributions from any private  
23 individual or private entity and shall credit all such contributions  
24 received to the College Savings Incentive Cash Fund for the purpose of  
25 providing an ongoing source of funding for the College Savings Plan Low-  
26 Income Matching Scholarship Program. The matching contributions for which  
27 incentive payments are made under the Employer Matching Contribution  
28 Incentive Program and the matching scholarships provided under the  
29 College Savings Plan Low-Income Matching Scholarship Program shall not be  
30 used to pay expenses associated with attending kindergarten through grade  
31 twelve.

1 (2) The College Savings Incentive Cash Fund shall not be considered  
2 an asset of the Nebraska educational savings plan trust.

3 (3) Any money in the fund available for investment shall be invested  
4 by the state investment officer pursuant to the Nebraska Capital  
5 Expansion Act and the Nebraska State Funds Investment Act.

6 **Sec. 49.** Section 85-1816, Reissue Revised Statutes of Nebraska, is  
7 amended to read:

8 ~~85-1816~~ (1) The Employer Matching Contribution Incentive Program is  
9 created. The program shall begin on January 1, 2022, and shall be  
10 implemented and administered by the State Treasurer. The purpose of the  
11 program is to encourage employers to make matching contributions by  
12 providing incentive payments for such contributions.

13 (2) For purposes of this section:

14 (a) Employer means any individual, partnership, limited liability  
15 company, association, corporation, business trust, legal representative,  
16 or organized group of persons employing one or more employees at any one  
17 time, but such term does not include the United States, the state, or any  
18 political subdivision thereof; and

19 (b) Matching contribution means a contribution made by an employer  
20 to an account established under the Nebraska educational savings plan  
21 trust in an amount matching all or part of a contribution made to that  
22 same account by an individual who resided in the State of Nebraska during  
23 the most recently completed taxable year and is an employee of such  
24 employer.

25 (3) Beginning January 1, 2022, an employer shall be eligible to  
26 receive an incentive payment under this section if the employer made  
27 matching contributions during the immediately preceding calendar year.

28 (4) In order to receive an incentive payment under this section, an  
29 employer shall submit an application to the State Treasurer on forms  
30 prescribed by the State Treasurer. The State Treasurer shall accept  
31 applications from January 1 to June 1 of each year beginning in 2022. The

1 application shall include:

2 (a) The number of employees for whom matching contributions were  
3 made in the immediately preceding calendar year;

4 (b) The amount of the matching contributions made in the immediately  
5 preceding calendar year for each employee; and

6 (c) Any other information required by the State Treasurer.

7 (5) If the State Treasurer determines that the employer qualifies  
8 for an incentive payment under this section, the State Treasurer shall  
9 approve the application and shall notify the employer of the approval.  
10 The State Treasurer may approve applications until the annual limit  
11 provided in subsection (6) of this section has been reached. An employer  
12 whose application is approved shall receive an incentive payment equal to  
13 twenty-five percent of the total matching contributions made during the  
14 immediately preceding calendar year, not to exceed two thousand dollars  
15 per contributing employee per year. An employer shall not receive an  
16 incentive payment for a matching contribution if the employer claimed an  
17 income tax deduction pursuant to subdivision (8)(b) of section 77-2716  
18 for such matching contribution. Employers shall be limited to one  
19 incentive payment per beneficiary. The matching contributions for which  
20 incentive payments are made shall not be used to pay expenses associated  
21 with attending kindergarten through grade twelve.

22 (6) The State Treasurer may approve a total of two hundred fifty  
23 thousand dollars of incentive payments each calendar year.

24 (7) On or before June 30, 2022, and on or before June 30 of each  
25 year thereafter, the State Treasurer shall determine the total amount of  
26 incentive payments approved for the year, shall transfer such amount from  
27 the Education College College Savings Plan Expense Fund or the Unclaimed Property  
28 Trust Fund, as determined by the State Treasurer, to the College Savings  
29 Incentive Cash Fund, and shall distribute such incentive payments to the  
30 approved employers.

31 (8) The State Treasurer may adopt and promulgate rules and

1 regulations to carry out the Employer Matching Contribution Incentive  
2 Program.

3 **Sec. 50.** Section 85-1817, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 ~~85-1817~~ (1) Beginning January 1, 2022, there is hereby established  
6 the College Savings Plan Low-Income Matching Scholarship Program. The  
7 purpose of the program is to encourage private contributions to accounts  
8 established under the Nebraska educational savings plan trust for the  
9 benefit of individuals with limited means. The State Treasurer shall  
10 implement and administer the program.

11 (2) A participant shall be eligible for the program if the  
12 beneficiary for whom private contributions are made is part of a family  
13 whose household income for the most recently completed taxable year is  
14 not more than two hundred fifty percent of the federal poverty level and  
15 the beneficiary is a resident of the State of Nebraska.

16 (3) Applications for participation in the program shall be submitted  
17 to the State Treasurer on forms prescribed by the State Treasurer. If the  
18 requirements of subsection (2) of this section are met, the State  
19 Treasurer shall approve the application and notify the applicant of the  
20 approval. The State Treasurer may approve applications until the annual  
21 limit provided in subsection (7) of this section has been reached.

22 (4) Any participant who is approved for the program under subsection  
23 (3) of this section must resubmit an application each year thereafter and  
24 be reapproved in order to continue participation in the program.

25 (5) If a participant is approved for the program, any contribution  
26 made by such participant under the program shall be matched with  
27 scholarship funds provided by the State of Nebraska. The matching  
28 scholarship shall be equal to:

29 (a) One hundred percent of the participant's contribution if the  
30 beneficiary for whom the contribution is made is part of a family whose  
31 household income for the most recently completed taxable year is more

1 than two hundred percent of the federal poverty level but not more than  
2 two hundred fifty percent of the federal poverty level, not to exceed one  
3 thousand dollars annually; or

4 (b) Two hundred percent of the participant's contribution if the  
5 beneficiary for whom the contribution is made is part of a family whose  
6 household income for the most recently completed taxable year is not more  
7 than two hundred percent of the federal poverty level, not to exceed one  
8 thousand dollars annually.

9 (6) Between January 1 and January 31 of each year, the State  
10 Treasurer shall transfer the amount necessary to meet the matching  
11 obligations of this section for the preceding calendar year, minus the  
12 amount of any private contributions received pursuant to subsection (1)  
13 of section 48 of this act 85-1815 during the preceding calendar year,  
14 from the Education College Savings Plan Expense Fund or the Unclaimed  
15 Property Trust Fund, as determined by the State Treasurer, to the College  
16 Savings Incentive Cash Fund. The State Treasurer shall transfer from the  
17 College Savings Incentive Cash Fund to the Education College Savings Plan  
18 Program Fund the amount necessary to meet the matching obligations of  
19 this section for the preceding calendar year. The Nebraska educational  
20 savings plan trust shall own all scholarships awarded under this section.  
21 Neither the participant nor the beneficiary shall have any ownership  
22 rights to or interest in, title to, or power or control over such  
23 scholarships. Scholarship funds disbursed shall only be used to pay the  
24 qualified ~~higher~~ education expenses associated with attending an eligible  
25 postsecondary educational institution located in this state and shall not  
26 be used to pay expenses associated with attending kindergarten through  
27 grade twelve. Any disbursement of such scholarships shall be made before  
28 the beneficiary reaches thirty years of age. Once the beneficiary reaches  
29 thirty years of age, any unused scholarship funds shall be transferred to  
30 the Meadowlark Endowment Fund.

31 (7) The State Treasurer may approve a total of two hundred fifty

1 thousand dollars of scholarships each calendar year under the College  
2 Savings Plan Low-Income Matching Scholarship Program.

3 **Sec. 51.** Section 85-2802, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5 85-2802 For purposes of the Meadowlark Act:

6 (1) Contribution means a donation which is made for the purpose of  
7 providing a source of funding for the Meadowlark Program established in  
8 section 85-2804;

9 (2) Eligible postsecondary educational institution has the same  
10 meaning as in section 36 of this act ~~85-1802~~;

11 (3) Nebraska educational savings plan trust has the same meaning as  
12 in section 36 of this act ~~85-1802~~;

13 (4) Qualified ~~higher~~ education expenses has the same meaning as in  
14 section 36 of this act ~~85-1802~~; and

15 (5) Qualified individual means an individual born on or after  
16 January 1, 2020, who is a resident of this state at the time of birth.

17 **Sec. 52.** Section 85-2803, Reissue Revised Statutes of Nebraska, is  
18 amended to read:

19 85-2803 (1) There is hereby established in the state treasury a  
20 trust fund to be known as the Meadowlark Endowment Fund. The fund shall  
21 be administered by the State Treasurer and shall consist of qualified  
22 private contributions and any amounts appropriated or transferred to the  
23 fund by the Legislature. No General Funds shall be transferred to the  
24 Meadowlark Endowment Fund. Any money in the fund available for investment  
25 shall be invested by the state investment officer pursuant to the  
26 Nebraska Capital Expansion Act and the Nebraska State Funds Investment  
27 Act. No portion of the principal of the fund shall be expended for any  
28 purpose except investment pursuant to this subsection.

29 (2) The State Treasurer may accept contributions and shall credit  
30 all such contributions received either to the Meadowlark Endowment Fund  
31 or to accounts opened under the Meadowlark Program, at the direction of

1 the donor. Such contributions shall not be used to pay expenses  
2 associated with attending kindergarten through grade twelve.

3 (3) On or before April 1 of each year, the State Treasurer shall  
4 determine the total amount of contributions received under subsection (2)  
5 of this section in the previous calendar year and shall transfer an equal  
6 amount from the Education ~~College~~ Savings Plan Expense Fund or the  
7 Unclaimed Property Trust Fund, as determined by the State Treasurer, to  
8 the Meadowlark Endowment Fund or to accounts opened under the Meadowlark  
9 Program. For any amount transferred from the Education ~~College~~ Savings  
10 Plan Expense Fund or the Unclaimed Property Trust Fund that is not being  
11 transferred to the Meadowlark Endowment Fund, the State Treasurer shall  
12 evenly distribute such amount to the accounts opened under the Meadowlark  
13 Program in the previous calendar year.

14 **Sec. 53.** Section 85-2804, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 85-2804 (1) The Meadowlark Program is created. The program shall be  
17 administered by the State Treasurer. The purpose of the program is to  
18 promote access to postsecondary educational opportunities by providing  
19 funds to qualified individuals to help pay the qualified ~~higher~~ education  
20 expenses associated with attendance at an eligible postsecondary  
21 educational institution located in this state.

22 (2) Any qualified individual shall be eligible to participate in the  
23 Meadowlark Program. No later than March 1 of each year, the Department of  
24 Health and Human Services shall transmit information to the State  
25 Treasurer which is necessary to administer the program and to establish  
26 whether the children born in the previous calendar year are qualified  
27 individuals. Such information shall include, but not be limited to, the  
28 full name and residential address of each child's parent or legal  
29 guardian and the birthdate of each child. Costs associated with the  
30 transfer of information by the Department of Health and Human Services  
31 shall be paid from the Education ~~College~~ Savings Plan Expense Fund.

1           (3) Following receipt of the information described in subsection (2)  
2 of this section, the State Treasurer shall send a notification explaining  
3 the Meadowlark Program to the parent or legal guardian of each qualified  
4 individual. The State Treasurer shall provide such parent or legal  
5 guardian with the opportunity to exclude his or her child from the  
6 program. Any child who is not excluded shall be deemed to be enrolled in  
7 the program. Upon enrollment into the program, the child shall have an  
8 account opened for him or her under the Nebraska educational savings plan  
9 trust.

10           (4) On or before April 1 of each year, the State Treasurer shall  
11 determine (a) the number of accounts opened under the Meadowlark Program  
12 in the previous calendar year and (b) the amount of investment income  
13 generated by the Meadowlark Endowment Fund in the previous calendar year.  
14 The State Treasurer shall evenly distribute the investment income from  
15 the previous calendar year to the accounts opened in the previous  
16 calendar year.

17           (5) The Nebraska educational savings plan trust shall own all  
18 accounts opened under the Meadowlark Program. Neither the qualified  
19 individual nor his or her parent or legal guardian shall have any  
20 ownership rights or interest in, title to, or power or control over such  
21 an account.

22           (6) Any disbursement from an account opened under the Meadowlark  
23 Program shall be made before the qualified individual reaches thirty  
24 years of age. Once a qualified individual reaches thirty years of age,  
25 any unused funds in his or her account shall be transferred to the  
26 Meadowlark Endowment Fund.

27           (7) Funds disbursed from an account opened under the Meadowlark  
28 Program shall only be used to pay the qualified ~~higher~~ education expenses  
29 associated with attending an eligible postsecondary educational  
30 institution located in this state and shall not be used to pay expenses  
31 associated with attending kindergarten through grade twelve.

1 (8) The State Treasurer shall take measures to ensure the security  
2 and confidentiality of the information received under subsection (2) of  
3 this section.

4 **Sec. 54.** Sections 7, 8, 9, 29, 31, 32, 33, and 56 of this act  
5 become operative three calendar months after the adjournment of this  
6 legislative session. Sections 21, 22, 25, 30, 35, 36, 37, 38, 39, 40, 41,  
7 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, and 57 of this act become  
8 operative on October 1, 2025. Sections 1, 2, 3, 4, 5, 6, 23, 24, 26, and  
9 58 of this act become operative on January 1, 2026. The other sections of  
10 this act become operative on their effective date.

11 **Sec. 55.** Original sections 14-109, 15-202, 15-203, 16-205, and  
12 17-525, Reissue Revised Statutes of Nebraska, and sections 13-518,  
13 13-3402, 13-3403, 13-3405, 13-3406, 18-1208, 77-1631, 77-1701, and  
14 77-7305, Revised Statutes Cumulative Supplement, 2024, are repealed.

15 **Sec. 56.** Original sections 77-2715.07, 77-2727, 77-2734.01, and  
16 77-2776, Revised Statutes Cumulative Supplement, 2024, are repealed.

17 **Sec. 57.** Original sections 85-1801, 85-1802, 85-1804, 85-1805,  
18 85-1806, 85-1807, 85-1808, 85-1809, 85-1810, 85-1811, 85-1812, 85-1813,  
19 85-1814, 85-1815, 85-1816, 85-1817, 85-2802, 85-2803, and 85-2804,  
20 Reissue Revised Statutes of Nebraska, and sections 68-1201, 72-1239.01,  
21 77-3,110, and 77-2716, Revised Statutes Cumulative Supplement, 2024, are  
22 repealed.

23 **Sec. 58.** Original section 77-1613, Reissue Revised Statutes of  
24 Nebraska, and sections 76-214 and 77-202, Revised Statutes Cumulative  
25 Supplement, 2024, are repealed.

26 **Sec. 59.** Since an emergency exists, this act takes effect when  
27 passed and approved according to law.