

LEGISLATURE OF NEBRASKA  
ONE HUNDRED EIGHTH LEGISLATURE  
FIRST SPECIAL SESSION

**LEGISLATIVE BILL 1**

Introduced by Linehan, 39; at the request of the Governor.

Read first time July 25, 2024

Committee:

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections  
2 2-2701, 9-648, 13-508, 13-518, 13-2817, 29-3933, 53-160, 72-2305,  
3 72-2306, 77-2701.11, 77-2701.35, 77-2704.10, 77-2704.24, 77-2704.27,  
4 77-2704.50, 77-27,142, 77-27,148, 77-27,235, 77-5209.02, and  
5 79-1002, Reissue Revised Statutes of Nebraska; sections 77-382,  
6 77-693, 77-801, 77-1238, 77-1239, 77-1248, 77-1776, 77-2602,  
7 77-2701.16, 77-2703, 77-27,144, and 81-12,193, Revised Statutes  
8 Cumulative Supplement, 2022; sections 77-1632, 77-1633, 77-1701,  
9 77-2734.01, 77-4008, 77-6702, and 77-6703, Revised Statutes  
10 Supplement, 2023; section 77-3005, Reissue Revised Statutes of  
11 Nebraska, as amended by Laws 2024, LB685, section 11; section  
12 77-202, Revised Statutes Cumulative Supplement, 2022, as amended by  
13 Laws 2024, LB874, section 10, and Laws 2024, LB1317, section 73;  
14 section 9-1,101, Revised Statutes Supplement, 2023, as amended by  
15 Laws 2024, LB685, section 1; section 77-2701, Revised Statutes  
16 Supplement, 2023, as amended by Laws 2024, LB937, section 67, Laws  
17 2024, LB1023, section 8, and Laws 2024, LB1317, section 80; section  
18 77-2701.02, Revised Statutes Supplement, 2023, as amended by Laws  
19 2024, LB1317, section 81; section 77-2701.04, Revised Statutes  
20 Supplement, 2023, as amended by Laws 2024, LB937, section 68, and  
21 Laws 2024, LB1317, section 82; section 77-2716, Revised Statutes  
22 Supplement, 2023, as amended by Laws 2024, LB937, section 75, Laws  
23 2024, LB1023, section 10, Laws 2024, LB1317, section 85, and Laws

1 2024, LB1394, section 1; section 77-27,132, Revised Statutes  
2 Supplement, 2023, as amended by Laws 2024, LB1108, section 3;  
3 section 77-4025, Revised Statutes Supplement, 2023, as amended by  
4 Laws 2024, LB1204, section 36; section 77-4212, Revised Statutes  
5 Supplement, 2023, as amended by Laws 2024, LB126, section 11;  
6 section 77-4405, Revised Statutes Supplement, 2023, as amended by  
7 Laws 2024, LB1317, section 90, and Laws 2024, LB1344, section 14;  
8 section 79-1021, Revised Statutes Supplement, 2023, as amended by  
9 Laws 2024, LB1284, section 12; Laws 2024, LB685, section 17; and  
10 Laws 2024, LB1204, section 17; to adopt the Property Tax Growth  
11 Limitation Act, the School District Property Tax Relief Act, and the  
12 Advertising Services Tax Act; to change provisions relating to the  
13 taxes collected under the Nebraska County and City Lottery Act; to  
14 change provisions relating to budgets and budget limitations; to  
15 change provisions relating to the taxes collected under the Nebraska  
16 Liquor Control Act; to change the Personal Property Tax Relief Act  
17 as prescribed; to change provisions relating to property tax  
18 statements, the cigarette tax, and sales tax rates; to eliminate  
19 certain sales and use tax exemptions and impose sales and use taxes  
20 on certain services; to define and redefine terms; to change  
21 provisions relating to the imposition of sales and use taxes; to  
22 change income tax provisions relating to certain income or loss  
23 received from S-corporations and limited liability companies; to  
24 change the distribution of sales and use tax and income tax revenue;  
25 to change provisions of the Local Option Revenue Act, the Mechanical  
26 Amusement Device Tax Act, the Tobacco Products Tax Act, the Property  
27 Tax Credit Act, the Nebraska Property Tax Incentive Act, and the Tax  
28 Equity and Educational Opportunities Support Act; to harmonize  
29 provisions; to provide an operative date; to provide severability;  
30 to repeal the original sections; to outright repeal sections  
31 77-2701.49, 77-2701.50, 77-2701.51, 77-2701.52, 77-2701.53,

1        77-2704.22,    77-2704.38,    77-2704.39,    77-2704.40,    77-2704.51,  
2        77-2704.53,    77-2704.56,    77-2704.57,    77-2704.60,    77-2704.61,  
3        77-2704.62, 77-2704.63, 77-2704.65, and 77-2704.67, Reissue Revised  
4        Statutes of Nebraska; sections 77-2704.20 and 77-2704.69, Revised  
5        Statutes Cumulative Supplement, 2022; sections 77-2704.36 and  
6        77-4003.01, Revised Statutes Supplement, 2023; and section  
7        77-2704.66, Reissue Revised Statutes of Nebraska, as amended by Laws  
8        2024, LB1317, section 83; and to declare an emergency.

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

1           Section 1. Sections 1 to 8 of this act shall be known and may be  
2 cited as the Property Tax Growth Limitation Act.

3           Sec. 2. For purposes of the Property Tax Growth Limitation Act:

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

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

11          (3) Consumer price index percentage means the annual percentage  
12 change in the Consumer Price Index for All Urban Consumers published by  
13 the federal Bureau of Labor Statistics, as reported for December of the  
14 prior calendar year for the preceding twelve-month period;

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

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

21          (6) Growth value means the increase in a political subdivision's  
22 total property valuation from the prior year to the current year due to  
23 (a) improvements to real property as a result of new construction and  
24 additions to existing buildings, (b) any other improvements to real  
25 property which increase the value of such property, (c) annexation of  
26 real property by the political subdivision, (d) a change in the use of  
27 real property, and (e) any increase in personal property valuation over  
28 the prior year;

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

30          (8) Property tax request means the total amount of property taxes  
31 requested to be raised for a political subdivision through the levy

1 imposed pursuant to section 77-1601;

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

5 (10) State aid means:

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

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

12 (c) For counties, state aid to counties paid pursuant to sections  
13 60-3,184 to 60-3,190, insurance premium tax paid to counties, and  
14 reimbursements to counties from funds appropriated pursuant to section  
15 29-3933.

16 Sec. 3. (1) Except as otherwise provided in the Property Tax Growth  
17 Limitation Act, for fiscal years beginning on or after July 1, 2025, a  
18 political subdivision's property tax request for any year shall not  
19 exceed its property tax request authority as determined under this  
20 section. The preliminary property tax request authority for each  
21 political subdivision shall be the amount of property taxes levied by the  
22 county board of equalization pursuant to section 77-1601 for such  
23 political subdivision in the prior fiscal year.

24 (2) In addition to the preliminary property tax request authority,  
25 the political subdivision's property tax request authority may be  
26 increased by the product of:

27 (a) The amount of property taxes levied in the prior year increased  
28 by the political subdivision's growth percentage, less the sum of  
29 exceptions utilized in the prior year pursuant to subdivisions (1) and  
30 (2) of section 4 of this act; and

31 (b) The greater of zero or the consumer price index percentage.

1           Sec. 4. A political subdivision may increase its property tax  
2 request authority over the amount determined under section 3 of this act  
3 by:

4           (1) The amount of property taxes budgeted for approved bonds;

5           (2) The amount of property taxes needed to respond to an emergency  
6 declared in the preceding year, as certified to the auditor;

7           (3) The amount of unused property tax request authority determined  
8 in accordance with section 6 of this act;

9           (4) The amount of property taxes budgeted in support of (a) a  
10 service relating to an imminent and significant threat to public safety  
11 or public health that (i) was not previously provided by the political  
12 subdivision and (ii) is the subject of an agreement or a modification of  
13 an existing agreement executed after the operative date of this act,  
14 whether provided by one of the parties to the agreement or by an  
15 independent joint entity or joint public agency or (b) an interlocal  
16 agreement relating to public safety;

17           (5) The increase in property tax request authority approved by the  
18 legal voters as provided in section 5 of this act; and

19           (6) The amount of property taxes needed to implement a six percent  
20 increase in compensation for understaffed law enforcement officer,  
21 firefighter, or corrections officer positions. For law enforcement  
22 officer positions, understaffing shall be determined using the strength  
23 of force numbers established by the Nebraska Commission on Law  
24 Enforcement and Criminal Justice. For firefighter positions,  
25 understaffing shall be determined using National Fire Protection  
26 Association Standard 1710. For corrections officer positions,  
27 understaffing shall be deemed to exist if the ratio of inmates to direct  
28 custody staff exceeds fifteen to one for all shifts. The six percent  
29 increase in compensation authorized in this subdivision shall only be  
30 applicable to the increase in compensation related to filling currently  
31 vacant positions and shall be in addition to any percentage increase in

1 such compensation obtained pursuant to section 3 of this act.

2       Sec. 5. (1) A political subdivision may increase its property tax  
3 request authority over the amount determined under section 3 of this act  
4 if such increase is approved by a majority of legal voters voting on the  
5 issue at an election described in subsection (2) of this section. Such  
6 issue shall be placed on the ballot (a) upon the recommendation of the  
7 governing body of such political subdivision or (b) upon the receipt by  
8 the county clerk or election commissioner of a petition requesting such  
9 issue to be placed on the ballot which is signed by at least five percent  
10 of the legal voters of the political subdivision. The recommendation of  
11 the governing body or the petition of the legal voters shall include the  
12 amount by which the political subdivision would increase its property tax  
13 request authority over and above the amount determined under section 3 of  
14 this act.

15       (2) Upon receipt of such recommendation or legal voter petition, the  
16 county clerk or election commissioner shall place such issue on the  
17 ballot at the next regularly scheduled election. The election shall be  
18 held pursuant to the Election Act, and all costs shall be paid by the  
19 political subdivision. The issue may be approved on the same question as  
20 a vote to exceed the levy limits provided in section 77-3444. If a  
21 majority of the votes cast on the issue are in favor of increasing the  
22 political subdivision's property tax request authority, the political  
23 subdivision shall be empowered to do so.

24       Sec. 6. A political subdivision may choose not to increase its  
25 total property taxes levied by the full amount of the property tax  
26 request authority allowed in a particular year. In such cases, the  
27 political subdivision may carry forward to future budget years the amount  
28 of unused property tax request authority, but accumulation of unused  
29 property tax request authority shall not exceed an aggregate of five  
30 percent of the total property tax request authority from the prior year.

31       Sec. 7. The auditor shall prepare forms to be used by political

1 subdivisions for the purpose of calculating property tax request  
2 authority and unused property tax request authority. Each political  
3 subdivision shall calculate such amounts and submit the forms to the  
4 auditor on or before September 30, 2025, and on or before September 30 of  
5 each year thereafter. If a political subdivision fails to submit such  
6 forms to the auditor or if the auditor determines from such forms that a  
7 political subdivision is not complying with the limits provided in the  
8 Property Tax Growth Limitation Act, the auditor shall notify the  
9 political subdivision and the State Treasurer of the noncompliance. The  
10 State Treasurer shall then suspend distribution of state aid allocated to  
11 the political subdivision until the political subdivision complies. The  
12 funds shall be held for six months. If the political subdivision complies  
13 within the six-month period, it shall receive the suspended funds. If the  
14 political subdivision fails to comply within the six-month period, the  
15 suspended funds shall be forfeited and shall be redistributed to other  
16 recipients of the state aid or, in the case of homestead exemption  
17 reimbursement, returned to the General Fund.

18       Sec. 8. The auditor may adopt and promulgate rules and regulations  
19 to carry out the Property Tax Growth Limitation Act.

20       Sec. 9. Sections 9 to 12 of this act shall be known and may be  
21 cited as the School District Property Tax Relief Act.

22       Sec. 10. The purpose of the School District Property Tax Relief Act  
23 is to provide property tax relief for property taxes levied against real  
24 property by school districts. The property tax relief will be made to  
25 owners of real property in the form of a property tax credit.

26       Sec. 11. For purposes of the School District Property Tax Relief  
27 Act, school district has the same meaning as in section 79-101.

28       Sec. 12. (1) The School District Property Tax Relief Act shall  
29 apply to tax year 2025 and each tax year thereafter. For tax year 2025,  
30 the total amount of relief granted under the act shall be two billion  
31 thirty-two million seven hundred ninety-six thousand three hundred ninety



1 dollars. For tax year 2026, the total amount of relief granted under the  
2 act shall be two billion three hundred fifty-three million eight hundred  
3 eighty-four thousand three hundred seventy dollars. For tax year 2027 and  
4 each tax year thereafter, the total amount of relief granted under the  
5 act shall be two billion seven hundred twenty-four million two hundred  
6 twenty-seven thousand nine hundred eighty-two dollars. The relief shall  
7 be in the form of property tax credits which appear on property tax  
8 statements. Property tax credits granted under the act shall be credited  
9 against the amount of property taxes owed to school districts.

10       (2) To determine the amount of the property tax credit for each  
11 parcel, the county treasurer shall multiply the amount disbursed to the  
12 county under subsection (4) of this section by the ratio of the real  
13 property valuation of the parcel to the total real property valuation in  
14 the county. The amount determined shall be the property tax credit for  
15 the parcel.

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

31       (4) The amount disbursed to each county shall be equal to the total

1 amount available for disbursement under subsection (1) of this section  
2 multiplied by the ratio of the real property valuation in the county to  
3 the real property valuation in the state. By September 15, 2025, and by  
4 September 15 of each year thereafter, the Property Tax Administrator  
5 shall determine the amount to be disbursed under this subsection to each  
6 county and shall certify such amounts to the State Treasurer and to each  
7 county. The disbursements to the counties shall occur in two equal  
8 payments, the first on or before January 31 and the second on or before  
9 April 1.

10 (5) The county treasurer shall disburse amounts received under  
11 subsection (4) of this section to the school districts in the county. The  
12 amount disbursed to each school district shall be equal to the amount  
13 available for disbursement multiplied by a ratio, the numerator of which  
14 is the total real property valuation of the taxable property in the  
15 county that is located within such school district and the denominator of  
16 which is the total real property valuation of all taxable property in the  
17 county.

18 (6) The Education Future Fund shall be used for purposes of making  
19 the disbursements to counties required under subsection (4) of this  
20 section.

21 Sec. 13. Sections 13 to 17 of this act shall be known and may be  
22 cited as the Advertising Services Tax Act.

23 Sec. 14. For purposes of the Advertising Services Tax Act:

24 (1) Any term shall have the same meaning as used in Chapter 77,  
25 article 27, except as otherwise defined in the Advertising Services Tax  
26 Act;

27 (2) Advertising services means all services, including digital  
28 advertising services, directly related to the creation, preparation,  
29 production, or dissemination of advertisements. The term includes, but is  
30 not limited to, layout, art direction, graphic design, mechanical  
31 preparation, production supervision, placement, and rendering advice to a

1 client concerning the best methods of advertising that client's products  
2 or services. The term also includes online referrals, search engine  
3 marketing and lead generation optimization, web campaign planning, the  
4 acquisition of advertising space in the Internet media, and the  
5 monitoring and evaluation of website traffic for purposes of determining  
6 the effectiveness of an advertising campaign. The term does not include  
7 web hosting services and domain name registration or the services of a  
8 news media entity;

9 (3) Assessable base means the portion of gross advertising revenue  
10 that is derived from sales to customers where services are delivered  
11 within Nebraska according to the sourcing rules in this subdivision.  
12 Gross advertising revenue is within this state if the audience of the  
13 advertising is within this state according to the IP address of the  
14 device where advertising is being viewed or, if the IP address location  
15 is unavailable, the use of another reasonable method to source the  
16 advertising revenue to this state based on the location of the viewer. If  
17 the audience is based both within and without this state based on the  
18 sourcing rules described in this subdivision, the gross advertising  
19 revenue is apportioned between this state and other states in proportion  
20 to the location of the viewers within this state as compared to the other  
21 states. The Tax Commissioner may adopt and promulgate rules and  
22 regulations determining the state from which gross advertising revenue is  
23 derived;

24 (4) Digital advertising services means advertising services on a  
25 digital interface. The term includes advertisements in the form of banner  
26 advertising, search engine advertising, interstitial advertising, and  
27 other comparable advertising services;

28 (5) Digital interface means any type of software, including any part  
29 of an Internet website or application that a user is able to access;

30 (6) Gross advertising revenue means income or revenue from  
31 advertising services sourced to the United States using the sourcing

1 rules described in subdivision (3) of this section before any expenses or  
2 taxes, computed according to generally accepted accounting principles;

3 (7) IP address means a unique string of characters or other  
4 identifier assigned to each device connected to a network for  
5 communication;

6 (8) News media entity means an entity engaged primarily in the  
7 business of news gathering, reporting, or publishing articles or  
8 commentary about news, current events, culture, or other matters of  
9 public interest. The term does not include an entity that is primarily an  
10 aggregator or republisher of third-party content;

11 (9) Person has the same meaning as in section 77-2701.25;

12 (10) Reporting period means the calendar year on which a report is  
13 based; and

14 (11) User means a person or individual who accesses a digital  
15 interface with a device.

16 Sec. 15. (1) A tax is imposed on a person that is subject to the  
17 Internal Revenue Code or a group of persons subject to the Internal  
18 Revenue Code that are part of the same unitary group or would otherwise  
19 be members of the same unitary group, if incorporated, that are doing  
20 business in Nebraska and whose combined gross advertising revenue exceeds  
21 one billion dollars.

22 (2) The amount of the tax imposed under this section is seven and  
23 one-half percent of a person's assessable base for the reporting period.

24 (3) All taxes collected under this section shall be remitted to the  
25 State Treasurer for credit to the Education Future Fund.

26 Sec. 16. The provisions of sections 77-2714 to 77-27,135 relating  
27 to deficiencies, penalties, interest, the collection of delinquent  
28 amounts, confidentiality, refunds, and appeal procedures for the tax  
29 imposed by section 77-2734.02 shall also apply to the tax imposed by  
30 section 15 of this act.

31 Sec. 17. The Tax Commissioner may adopt and promulgate rules and

1 regulations necessary to implement, administer, and enforce the  
2 Advertising Services Tax Act.

3       Sec. 18. Section 2-2701, Reissue Revised Statutes of Nebraska, is  
4 amended to read:

5       2-2701 (1) No person shall be permitted to sell or dispose of any  
6 current tractor model of one hundred or more horsepower in the State of  
7 Nebraska without first having (a) made application for a permit and  
8 obtained a permit to sell the tractor model, (b) the model tested by the  
9 University of Nebraska onsite or offsite or by any Organization for  
10 Economic Cooperation and Development test station, and (c) the model  
11 passed upon by the board.

12       (2) A person may obtain a permit to sell or dispose of a current  
13 tractor model of less than one hundred horsepower by meeting the permit  
14 requirements of sections 2-2701 to 2-2711. ~~A purchaser of a current~~  
15 ~~tractor model is not eligible to claim the exemption from sales and use~~  
16 ~~tax for agricultural machinery and equipment under section 77-2704.36~~  
17 ~~unless the current tractor model has been permitted for sale pursuant to~~  
18 ~~sections 2-2701 to 2-2711.~~

19       (3) Each and every tractor model presented for testing shall be a  
20 stock model and shall not be equipped with any special accessory unless  
21 regularly supplied to the trade. Any tractor model not complying with  
22 this section shall not be tested under sections 2-2701 to 2-2711.  
23 Applications shall be made to the board and shall be accompanied by  
24 specifications of the tractor model required by the board and by the  
25 applicable fees specified in sections 2-2705 and 2-2705.01.

26       (4) If an official test application, with the required  
27 specifications and fees, is submitted to any Organization for Economic  
28 Cooperation and Development test station or to the University of Nebraska  
29 and an application for a temporary permit and the fee prescribed in  
30 section 2-2705.01 are submitted, the department, with the approval of the  
31 board, may issue a temporary permit for the sale of the tractor model

1 specified in the official test application. The date on which the  
2 temporary permit terminates shall be fixed by the board. All temporary  
3 permits shall be conditioned upon such tractor model being tested at a  
4 mutually agreed-upon date, and the person to whom a temporary permit has  
5 been issued shall submit a tractor model for testing which conforms to  
6 the specifications filed with the official test application. Such tractor  
7 model shall be delivered for testing at the mutually agreed-upon date.  
8 Upon failure so to do, all such fees deposited by such person shall be  
9 forfeited to the University of Nebraska Tractor Test Cash Fund, except  
10 that the fee imposed in section 2-2705.01 shall be deposited in and  
11 forfeited to the Tractor Permit Cash Fund, and in addition such person  
12 shall not be issued any temporary permit for a period of five years from  
13 the date such tractor was to be delivered for testing and until such  
14 person meets the obligations required under subsection (5) of this  
15 section to the department's satisfaction.

16 (5) All sales of tractors upon which a temporary permit has been  
17 issued shall be made subject to the final official test and approval of  
18 the tractor model as follows:

19 (a) If a tractor model upon which a temporary permit has been issued  
20 was not submitted for the official test and approval on the mutually  
21 agreed-upon date, the person to whom the temporary permit was issued  
22 shall repurchase any such tractor sold in Nebraska under the temporary  
23 permit. A claim by a purchaser under this subdivision shall be brought  
24 within two years after the date of the expiration of the temporary  
25 permit; and

26 (b) If a tractor model upon which a temporary permit has been issued  
27 fails in the official test to meet the specifications of the tractor  
28 model which were filed with the application and fees, the person to whom  
29 the temporary permit was issued shall send a notice, as approved by the  
30 department, to any person in Nebraska who has purchased a tractor sold  
31 under the temporary permit. The person to whom the temporary permit was

1 issued shall either modify the tractor to meet the specifications filed  
2 with the board or remedy to the satisfaction of the purchaser any injury  
3 incurred by the purchaser which was caused by the failure of the tractor  
4 to meet the specifications claimed. Such person shall be prohibited from  
5 modifying sales literature, advertisement claims, or specifications of  
6 the tractor to avoid such notice.

7 Sec. 19. Section 9-1,101, Revised Statutes Supplement, 2023, as  
8 amended by Laws 2024, LB685, section 1, is amended to read:

9 9-1,101 (1) The Nebraska Bingo Act, the Nebraska County and City  
10 Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle  
11 Card Lottery Act, the Nebraska Small Lottery and Raffle Act, and section  
12 9-701 shall be administered and enforced by the Charitable Gaming  
13 Division of the Department of Revenue, which division is hereby created.  
14 The Department of Revenue shall make annual reports to the Governor,  
15 Legislature, Auditor of Public Accounts, and Attorney General on all tax  
16 revenue received, expenses incurred, and other activities relating to the  
17 administration and enforcement of such acts. The report submitted to the  
18 Legislature shall be submitted electronically.

19 (2) The Charitable Gaming Operations Fund is hereby created. Any  
20 money in the fund available for investment shall be invested by the state  
21 investment officer pursuant to the Nebraska Capital Expansion Act and the  
22 Nebraska State Funds Investment Act.

23 (3)(a) Forty percent of the taxes credited to the Charitable Gaming  
24 Operations Fund ~~collected~~ pursuant to sections 9-239, 9-344, and 9-429,  
25 and subdivision (1)(b) of section 9-648 shall be available to the  
26 Charitable Gaming Division for administering and enforcing the acts  
27 listed in subsection (1) of this section and providing administrative  
28 support for the Nebraska Commission on Problem Gambling. The remaining  
29 sixty percent shall be transferred to the General Fund. Any portion of  
30 the forty percent not used by the division in the administration and  
31 enforcement of such acts and section shall be distributed as provided in

1 this subsection.

2 (b) Beginning July 1, 2019, through June 30, 2025, on or before the  
3 last day of the last month of each calendar quarter, the State Treasurer  
4 shall transfer one hundred thousand dollars from the Charitable Gaming  
5 Operations Fund to the Compulsive Gamblers Assistance Fund.

6 (c) Any money remaining in the Charitable Gaming Operations Fund  
7 after the transfer pursuant to subdivision (b) of this subsection not  
8 used by the Charitable Gaming Division in its administration and  
9 enforcement duties pursuant to this section may be transferred to the  
10 General Fund and the Compulsive Gamblers Assistance Fund at the direction  
11 of the Legislature.

12 (4) The Tax Commissioner shall employ investigators who shall be  
13 vested with the authority and power of a law enforcement officer to carry  
14 out the laws of this state administered by the Tax Commissioner or the  
15 Department of Revenue and to enforce sections 28-1101 to 28-1117 relating  
16 to possession of a gambling device. For purposes of enforcing sections  
17 28-1101 to 28-1117, the authority of the investigators shall be limited  
18 to investigating possession of a gambling device, notifying local law  
19 enforcement authorities, and reporting suspected violations to the county  
20 attorney for prosecution.

21 (5) The Charitable Gaming Division may charge a fee for publications  
22 and listings it produces. The fee shall not exceed the cost of  
23 publication and distribution of such items. The division may also charge  
24 a fee for making a copy of any record in its possession equal to the  
25 actual cost per page. The division shall remit the fees to the State  
26 Treasurer for credit to the Charitable Gaming Operations Fund.

27 (6) The taxes collected and available to the Charitable Gaming  
28 Division pursuant to section 17 of this act shall be used by the division  
29 for enforcement of the Mechanical Amusement Device Tax Act and  
30 maintenance of the central server established pursuant to section 16 of  
31 this act.



1 (7) For administrative purposes only, the Nebraska Commission on  
2 Problem Gambling shall be located within the Charitable Gaming Division.  
3 The division shall provide office space, furniture, equipment, and  
4 stationery and other necessary supplies for the commission. Commission  
5 staff shall be appointed, supervised, and terminated by the director of  
6 the Gamblers Assistance Program pursuant to section 9-1004.

7 Sec. 20. Section 9-648, Reissue Revised Statutes of Nebraska, is  
8 amended to read:

9 9-648 (1) Any county, city, or village which conducts a lottery  
10 shall submit to the department on a quarterly basis a tax of five ~~two~~  
11 percent of the gross proceeds. Such tax shall be remitted not later than  
12 thirty days from the close of the preceding quarter on forms provided by  
13 the department. The department shall remit the tax to the State Treasurer  
14 for credit as follows:

15 (a) Sixty percent of the tax shall be credited to the Education  
16 Future Fund; and

17 (b) Forty percent of the tax shall be credited to the Charitable  
18 Gaming Operations Fund.

19 (2) All deficiencies of the tax imposed by this section shall accrue  
20 interest and be subject to a penalty as provided for sales and use taxes  
21 in the Nebraska Revenue Act of 1967.

22 Sec. 21. Section 13-508, Reissue Revised Statutes of Nebraska, is  
23 amended to read:

24 13-508 (1) After publication and hearing thereon and within the time  
25 prescribed by law, each governing body shall file with and certify to the  
26 levying board or boards on or before September 30 of each year or  
27 September 30 of the final year of a biennial period and file with the  
28 auditor a copy of the adopted budget statement which complies with  
29 sections 13-518 to 13-522 or 79-1023 to 79-1030, if applicable, together  
30 with the amount of the tax required to fund the adopted budget, setting  
31 out separately (a) the amount to be levied for the payment of principal

1 or interest on bonds issued or authorized to be issued by the governing  
2 body or the legal voters of the political subdivision and (b) the amount  
3 to be levied for all other purposes. Proof of publication shall be  
4 attached to the statements. For fiscal years prior to fiscal year  
5 2017-18, learning communities shall also file a copy of such adopted  
6 budget statement with member school districts on or before September 1 of  
7 each year. If the prime rate published by the Federal Reserve Board is  
8 ten percent or more at the time of the filing and certification required  
9 under this subsection, the governing body, in certifying the amount  
10 required, may make allowance for delinquent taxes not exceeding five  
11 percent of the amount required plus the actual percentage of delinquent  
12 taxes for the preceding tax year or biennial period and for the amount of  
13 estimated tax loss from any pending or anticipated litigation which  
14 involves taxation and in which tax collections have been or can be  
15 withheld or escrowed by court order. For purposes of this section,  
16 anticipated litigation shall be limited to the anticipation of an action  
17 being filed by a taxpayer who or which filed a similar action for the  
18 preceding year or biennial period which is still pending. Except for such  
19 allowances, a governing body shall not certify an amount of tax more than  
20 one percent greater or lesser than the amount determined under section  
21 13-505.

22 (2) Each governing body shall use the certified taxable values as  
23 provided by the county assessor pursuant to section 13-509 for the  
24 current year in setting or certifying the levy. Each governing body may  
25 designate one of its members to perform any duty or responsibility  
26 required of such body by this section.

27 Sec. 22. Section 13-518, Reissue Revised Statutes of Nebraska, is  
28 amended to read:

29 13-518 For purposes of sections 13-518 to 13-522:

30 (1) Allowable growth means (a) for governmental units other than  
31 community colleges, the percentage increase in taxable valuation in

1 excess of the base limitation established under section 77-3446, if any,  
2 due to improvements to real property as a result of new construction,  
3 additions to existing buildings, any improvements to real property which  
4 increase the value of such property, and any increase in valuation due to  
5 annexation and any personal property valuation over the prior year and  
6 (b) for community colleges, the percentage increase in excess of the base  
7 limitation, if any, in full-time equivalent students from the second year  
8 to the first year preceding the year for which the budget is being  
9 determined;

10 (2) Capital improvements means (a) acquisition of real property or  
11 (b) acquisition, construction, or extension of any improvements on real  
12 property;

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

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

22 (5) Qualified sinking fund means a fund or funds maintained  
23 separately from the general fund to pay for acquisition or replacement of  
24 tangible personal property with a useful life of five years or more which  
25 is to be undertaken in the future but is to be paid for in part or in  
26 total in advance using periodic payments into the fund. The term includes  
27 sinking funds under subdivision (13) of section 35-508 for firefighting  
28 and rescue equipment or apparatus;

29 (6) Restricted funds means (a) property tax, excluding any amounts  
30 refunded to taxpayers, (b) payments in lieu of property taxes, (c) local  
31 option sales taxes, (d) motor vehicle taxes, (e) state aid, (f) transfers

1 of surpluses from any user fee, permit fee, or regulatory fee if the fee  
2 surplus is transferred to fund a service or function not directly related  
3 to the fee and the costs of the activity funded from the fee, (g) any  
4 funds excluded from restricted funds for the prior year because they were  
5 budgeted for capital improvements but which were not spent and are not  
6 expected to be spent for capital improvements, (h) the tax provided in  
7 sections 77-27,223 to 77-27,227 beginning in the second fiscal year in  
8 which the county will receive a full year of receipts, and (i) any excess  
9 tax collections returned to the county under section 77-1776. Funds  
10 received pursuant to the nameplate capacity tax levied under section  
11 77-6203 for the first five years after a renewable energy generation  
12 facility has been commissioned are nonrestricted funds; and

13 (7) State aid means:

14 (a) For all governmental units, state aid paid pursuant to sections  
15 60-3,202 and 77-3523 and reimbursement provided pursuant to section  
16 77-1239;

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

20 (c) For counties, state aid to counties paid pursuant to sections  
21 60-3,184 to 60-3,190, insurance premium tax paid to counties, and  
22 reimbursements to counties from funds appropriated pursuant to section  
23 29-3933;

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

26 (e) For educational service units, state aid appropriated under  
27 sections 79-1241.01 and 79-1241.03; and

28 (f) For local public health departments as defined in section  
29 71-1626, state aid as distributed under section 71-1628.08.

30 Sec. 23. Section 13-2817, Reissue Revised Statutes of Nebraska, is  
31 amended to read:

1           13-2817 (1) Any municipality that is within the boundaries of a  
2 municipal county that is not merged into the municipal county shall be  
3 required to pay the municipal county for services that were previously  
4 provided by the county and are not ordinarily provided by a municipality.  
5 Except as provided in subsection (2) of this section, the amount paid  
6 shall be equal to the attributable cost of county services times a ratio,  
7 the numerator of which is the total valuation of all municipalities that  
8 are within the boundaries of the municipal county and the denominator of  
9 which is the total valuation of the municipal county and all  
10 municipalities and unconsolidated sanitary and improvement districts that  
11 are within the boundaries of the municipal county that are not merged  
12 into the municipal county, times a ratio the numerator of which is the  
13 valuation of the particular municipality and the denominator of which is  
14 the total valuation of all municipalities that are within the boundaries  
15 of the municipal county, except that (a) the amount paid shall not exceed  
16 the total taxable valuation of the municipality times forty-five  
17 hundredths of one percent and (b) the municipality shall not be required  
18 to pay the municipal county for fire protection or ambulance services.

19           (2) The amount paid for law enforcement by a municipality that is  
20 within the boundaries of a municipal county but is not merged into the  
21 municipal county shall be as follows: (a) If the county did not provide  
22 law enforcement services prior to the formation of the municipal county  
23 or if the municipality continues its own law enforcement services after  
24 formation of the municipal county, the total cost of services budgeted by  
25 the municipal county for law enforcement shall be the net cost of  
26 services that are the express and exclusive duties and responsibilities  
27 of the county sheriff by law times the same ratios calculated in  
28 subsection (1) of this section; (b) if the municipality discontinues  
29 providing law enforcement services after the formation of the municipal  
30 county (i) the municipal county shall provide a level of service in such  
31 municipality that is equal to the level provided in the area or areas of

1 the municipal county that were municipalities prior to the formation of  
2 the municipal county and (ii) the municipality shall pay the municipal  
3 county for the cost of county services for law enforcement as calculated  
4 in subsection (1) of this section, except that for the first five years,  
5 the amount shall be no more than the amount budgeted by the municipality  
6 for law enforcement services in the last year the municipality provided  
7 the services for itself; and (c) if the municipal county has deputized  
8 the police force of the municipality to perform the express and exclusive  
9 duties and responsibilities of the county sheriff by law, there shall be  
10 no amount paid to the municipal county for law enforcement services.

11 (3) Disputes regarding the amounts any municipality that is within  
12 the boundaries of a municipal county that is not merged into the  
13 municipal county must pay to the municipal county for services that were  
14 previously provided by the county and are not ordinarily provided by a  
15 municipality shall be heard in the district court of such municipal  
16 county.

17 (4) For purposes of this section and section 13-2818, attributable  
18 cost of county services means the total budgeted cost of services that  
19 were previously provided by the county for the immediately prior fiscal  
20 year times a ratio, the numerator of which is the property tax request of  
21 the municipal county or the county and all cities to be consolidated for  
22 the prior fiscal year, not including any tax for bonded indebtedness, and  
23 the denominator of which is the total revenue from all sources that was  
24 ~~of the restricted funds as defined in section 13-518 plus inheritance~~  
25 ~~taxes, fees, and charges and other revenue that were~~ budgeted for the  
26 immediately prior fiscal year by the municipal county or the county and  
27 all cities to be consolidated.

28 Sec. 24. Section 29-3933, Reissue Revised Statutes of Nebraska, is  
29 amended to read:

30 29-3933 (1) Any county which intends to request reimbursement for a  
31 portion of its expenditures for its indigent defense system must comply

1 with this section.

2 (2) In order to assist the Commission on Public Advocacy in its  
3 budgeting process for determining future reimbursement amounts, after  
4 July 1, 2002, and before July 15, 2002, and for each year thereafter in  
5 which the county intends to seek reimbursement for a portion of its  
6 expenditures for indigent defense services in felony cases for the next  
7 fiscal year, the county shall present to the Commission on Public  
8 Advocacy (a) a plan, in a format approved by the commission, describing  
9 how the county intends to provide indigent defense services in felony  
10 cases, (b) a statement of intent declaring that the county intends to  
11 comply with the standards set by the commission for felony cases and that  
12 the county intends to apply for reimbursement, and (c) a projection of  
13 the total dollar amount of expenditures for that county's indigent  
14 defense services in felony cases for the next fiscal year.

15 (3) The commission may conduct whatever investigation is necessary  
16 and may require certifications by key individuals in the criminal justice  
17 system, in order to determine if the county is in compliance with the  
18 standards. If a county is certified by the commission as having met the  
19 standards established by the commission for felony cases, the county  
20 shall be eligible for reimbursement according to the following schedule  
21 and procedures: The county clerk of the county seeking reimbursement may  
22 submit, on a quarterly basis, a certified request to the commission, for  
23 reimbursement from funds appropriated by the Legislature, for an amount  
24 equal to one-fourth of the county's actual expenditures for indigent  
25 defense services in felony cases.

26 (4) Upon certification by the county clerk of the amount of the  
27 expenditures, and a determination by the commission that the request is  
28 in compliance with the standards set by the commission for felony cases,  
29 the commission shall quarterly authorize an amount of reimbursement to  
30 the county as set forth in this section.

31 (5) If the appropriated funds are insufficient in any quarter to

1 meet the amount needed for full payment of all county reimbursements for  
2 net expenditures that are certified for that quarter, the commission  
3 shall pay the counties their pro rata share of the remaining funds based  
4 upon the percentage of the county's certified request in comparison to  
5 the total certified requests for that quarter.

6 (6) For purposes of section 13-519, for any year in which a county  
7 first seeks reimbursement from funds appropriated by the Legislature or  
8 has previously qualified for reimbursement and is seeking additional  
9 reimbursement for improving its indigent criminal defense program, the  
10 last prior year's total of restricted funds shall be the last prior  
11 year's total of restricted funds plus any increased amount budgeted for  
12 indigent defense services that is required to develop a plan and meet the  
13 standards necessary to qualify for reimbursement of expenses from funds  
14 appropriated by the Legislature. This subsection applies to fiscal years  
15 beginning prior to July 1, 2025.

16 Sec. 25. Section 53-160, Reissue Revised Statutes of Nebraska, is  
17 amended to read:

18 53-160 (1) For the purpose of raising revenue, a tax is imposed upon  
19 the privilege of engaging in business as a manufacturer or a wholesaler  
20 at a rate of (a) thirty-one cents per gallon on all beer, (b) ÷ ninety-  
21 five cents per gallon for wine, except for wines produced and released  
22 from bond in farm wineries, (c) ÷ six cents per gallon for wine produced  
23 and released from bond in farm wineries, ÷ and (d) fourteen dollars and  
24 fifty three dollars and seventy five cents per gallon on alcohol and  
25 spirits manufactured and sold by such manufacturer or shipped for sale in  
26 this state by such wholesaler in the course of such business. The  
27 gallonage tax imposed by this subsection shall be imposed only on  
28 alcoholic liquor upon which a federal excise tax is imposed.

29 (2) Manufacturers or wholesalers of alcoholic liquor shall be exempt  
30 from the payment of the gallonage tax on such alcoholic liquor upon  
31 satisfactory proof, including bills of lading furnished to the commission



1 by affidavit or otherwise as the commission may require, that such  
2 alcoholic liquor was manufactured in this state but shipped out of the  
3 state for sale and consumption outside this state.

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

7 (4) The gallonage tax shall not be imposed upon any alcoholic  
8 liquor, whether manufactured in or shipped into this state, when sold to  
9 a licensed nonbeverage user for use in the manufacture of any of the  
10 following when such products are unfit for beverage purposes: Patent and  
11 proprietary medicines and medicinal, antiseptic, and toilet preparations;  
12 flavoring extracts, syrups, food products, and confections or candy;  
13 scientific, industrial, and chemical products, except denatured alcohol;  
14 or products for scientific, chemical, experimental, or mechanical  
15 purposes.

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

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

23 (7) The commission shall collect the gallonage tax and shall account  
24 for and remit to the State Treasurer at least once each week all money  
25 collected pursuant to this section. If any alcoholic liquor manufactured  
26 in or shipped into this state is sold to a licensed manufacturer or  
27 wholesaler of this state to be used solely as an ingredient in the  
28 manufacture of any beverage for human consumption, the tax imposed upon  
29 such manufacturer or wholesaler shall be reduced by the amount of the  
30 taxes which have been paid as to such alcoholic liquor so used under the  
31 Nebraska Liquor Control Act. The net proceeds of all revenue arising

1 under this section shall be credited to the General Fund, except that  
2 seventy-five percent of the gallonage tax revenue derived pursuant to  
3 subdivision (1)(d) of this section shall be credited to the Education  
4 Future Fund.

5 Sec. 26. Section 72-2305, Reissue Revised Statutes of Nebraska, is  
6 amended to read:

7 72-2305 For joint projects described in subdivision (2)(a) of  
8 section 72-2303, the principal amount of bonds which may be issued by a  
9 qualified public agency under the Public Facilities Construction and  
10 Finance Act shall not exceed five million dollars as to the total  
11 principal amount of such bonds which may be outstanding at any time, and  
12 the annual amounts due by reason of such bonds from each qualified public  
13 agency shall not exceed five percent of the total revenue from all  
14 sources ~~restricted funds~~ of the obligated qualified public agency in the  
15 year prior to issuance. The principal amount of bonds of qualified public  
16 agencies in the aggregate issued for any one such joint project shall not  
17 exceed five million dollars.

18 Sec. 27. Section 72-2306, Reissue Revised Statutes of Nebraska, is  
19 amended to read:

20 72-2306 For joint projects described in subdivision (2)(b) of  
21 section 72-2303, the principal amount of bonds which may be issued by a  
22 qualified public agency under the Public Facilities Construction and  
23 Finance Act shall not exceed two hundred fifty thousand dollars for  
24 cities of the metropolitan and primary classes, one hundred thousand  
25 dollars for counties, cities of the first class, school districts,  
26 educational service units, and community colleges, and fifty thousand  
27 dollars for cities of the second class and villages, as to the total  
28 principal amount of such bonds which may be outstanding at any time, and  
29 the annual amounts due by reason of such bonds from each qualified public  
30 agency shall not exceed five percent of the total revenue from all  
31 sources ~~restricted funds~~ of the obligated qualified public agency in the

1 year prior to issuance. The principal amount of bonds of a qualified  
2 public agency in the aggregate issued for any one such joint project  
3 shall not exceed two hundred ~~and~~ fifty thousand dollars for cities of the  
4 metropolitan and primary classes and one hundred thousand dollars for  
5 counties, cities of the first class, cities of the second class,  
6 villages, school districts, educational service units, and community  
7 colleges.

8       Sec. 28. Section 77-202, Revised Statutes Cumulative Supplement,  
9 2022, as amended by Laws 2024, LB874, section 10, and Laws 2024, LB1317,  
10 section 73, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

24 (B) Charitable organization includes (I) an organization operated  
25 exclusively for the purpose of the mental, social, or physical benefit of  
26 the public or an indefinite number of persons and (II) a fraternal  
27 benefit society organized and licensed under sections 44-1072 to  
28 44-10,109.

29 (iii) The property tax exemption authorized in subdivision (1)(d)(i)  
30 of this section shall apply to any skilled nursing facility as defined in  
31 section 71-429, nursing facility as defined in section 71-424, or

1 assisted-living facility as defined in section 71-5903 that provides  
2 housing for medicaid beneficiaries, except that the exemption amount for  
3 such property shall be a percentage of the property taxes that would  
4 otherwise be due. Such percentage shall be equal to the average  
5 percentage of occupied beds in the facility provided to medicaid  
6 beneficiaries over the most recent three-year period.

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

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

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

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

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

25 (5) Business and agricultural inventory shall be exempt from the  
26 personal property tax. For purposes of this subsection, business  
27 inventory includes personal property owned for purposes of leasing or  
28 renting such property to others for financial gain only if the personal  
29 property is of a type which in the ordinary course of business is leased  
30 or rented thirty days or less and may be returned at the option of the  
31 lessee or renter at any time and the personal property is of a type which

1 would be considered household goods or personal effects if owned by an  
2 individual. All other personal property owned for purposes of leasing or  
3 renting such property to others for financial gain shall not be  
4 considered business inventory.

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

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

9 (8) Any personal property exempt pursuant to the Nebraska Advantage  
10 Act or the Imagine Nebraska Act shall be exempt from the personal  
11 property tax.

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

27 (10) Any tangible personal property that is acquired by a person  
28 operating a data center located in this state, that is assembled,  
29 engineered, processed, fabricated, manufactured into, attached to, or  
30 incorporated into other tangible personal property, both in component  
31 form or that of an assembled product, for the purpose of subsequent use

1 at a physical location outside this state by the person operating a data  
2 center shall be exempt from the personal property tax. Such exemption  
3 extends to keeping, retaining, or exercising any right or power over  
4 tangible personal property in this state for the purpose of subsequently  
5 transporting it outside this state for use thereafter outside this state.  
6 For purposes of this subsection, data center means computers, supporting  
7 equipment, and other organized assembly of hardware or software that are  
8 designed to centralize the storage, management, or dissemination of data  
9 and information, environmentally controlled structures or facilities or  
10 interrelated structures or facilities that provide the infrastructure for  
11 housing the equipment, such as raised flooring, electricity supply,  
12 communication and data lines, Internet access, cooling, security, and  
13 fire suppression, and any building housing the foregoing.

14 (11) For tax year 2025 and each tax year thereafter, agricultural  
15 machinery and equipment and manufacturing machinery and equipment shall  
16 receive an exemption from the personal property tax years prior to tax  
17 year 2020, each person who owns property required to be reported to the  
18 county assessor under section 77-1201 shall be allowed an exemption  
19 amount as provided in the Personal Property Tax Relief Act. For tax years  
20 prior to tax year 2020, each person who owns property required to be  
21 valued by the state as provided in section 77-601, 77-682, 77-801, or  
22 77-1248 shall be allowed a compensating exemption factor as provided in  
23 the Personal Property Tax Relief Act.

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

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

29 (ii) Deployed in a qualified census tract located within the  
30 corporate limits of a city of the metropolitan class and being utilized  
31 to provide end-users with access to the Internet at speeds of at least



1 one hundred megabits per second for downloading and at least one hundred  
2 megabits per second for uploading.

3 (b) An owner of broadband equipment seeking an exemption under this  
4 section shall apply for an exemption to the county assessor on or before  
5 December 31 of the year preceding the year for which the exemption is to  
6 begin. If the broadband equipment meets the criteria described in this  
7 subsection, the county assessor shall approve the application within  
8 thirty calendar days after receiving the application. The application  
9 shall be on forms prescribed by the Tax Commissioner.

10 (c) For purposes of this subsection:

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

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

31 (iii) Qualified census tract means a qualified census tract as

1 defined in 26 U.S.C. 42(d)(5)(B)(ii)(I), as such section existed on  
2 January 1, 2024.

3 Sec. 29. Section 77-382, Revised Statutes Cumulative Supplement,  
4 2022, is amended to read:

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

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

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

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

1 state reciprocal agreements for industrial machinery; and property taxed  
2 in another state;

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

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

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

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

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

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

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

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

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

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

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

30 (3) It is the intent of the Legislature that nothing in the Tax  
31 Expenditure Reporting Act shall cause the valuation or assessment of any

1 property exempt from taxation on the basis of its use exclusively for  
2 religious, educational, or charitable purposes.

3 Sec. 30. Section 77-693, Revised Statutes Cumulative Supplement,  
4 2022, is amended to read:

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

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

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

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

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

31 (e) Similar calculations shall be made for car line taxable

1 properties.

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

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

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

18 Sec. 31. Section 77-801, Revised Statutes Cumulative Supplement,  
19 2022, is amended to read:

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

30 (2) The returns of public service entities shall not be held to be  
31 conclusive as to the taxable value of the property, but the Property Tax

1 Administrator shall, from all the information which he or she is able to  
2 obtain, find the taxable value of all such property, including tangible  
3 property and franchises, and shall assess such property on the same basis  
4 as other property is required to be assessed.

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

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

15 Sec. 32. Section 77-1238, Revised Statutes Cumulative Supplement,  
16 2022, is amended to read:

17 77-1238 (1) For tax year 2025 and each tax year thereafter years  
18 prior to tax year 2020, every person who is required to list his or her  
19 agricultural machinery and equipment or manufacturing machinery and  
20 equipment taxable tangible personal property as defined in section  
21 77-105, as required under section 77-1229, shall receive an exemption  
22 from taxation for one hundred percent of the personal property taxes due  
23 on such equipment. the first ten thousand dollars of valuation of his or  
24 her tangible personal property in each tax district as defined in section  
25 77-127 in which a personal property return is required to be filed.  
26 Failure to report tangible personal property on the personal property  
27 return required by section 77-1229 shall result in a forfeiture of the  
28 exemption for any tangible personal property not timely reported for that  
29 year.

30 (2) For purposes of this section:

31 (a) Agricultural machinery and equipment means tangible personal

1 property that is used directly in (i) cultivating or harvesting a crop,  
2 (ii) raising or caring for animal life, (iii) protecting the health and  
3 welfare of animal life, including fans, curtains, and climate control  
4 equipment within livestock buildings, or (iv) collecting or processing an  
5 agricultural product on a farm or ranch, regardless of the degree of  
6 attachment to any real property; and

7 (b) Manufacturing machinery and equipment has the same meaning as in  
8 section 77-2701.47.

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

23 Sec. 33. Section 77-1239, Revised Statutes Cumulative Supplement,  
24 2022, is amended to read:

25 77-1239 (1) For tax year 2025 and each tax year thereafter years  
26 prior to tax year 2020, reimbursement to taxing subdivisions for tax  
27 revenue that will be lost because of the personal property tax exemptions  
28 allowed in subsection (1) of section 77-1238 shall be as provided in this  
29 subsection. The county assessor and county treasurer shall, on or before  
30 November 30, 2025, and on or before November 30 of each year thereafter  
31 of each year, certify to the Tax Commissioner, on forms prescribed by the



1 Tax Commissioner, the total tax revenue that will be lost to all taxing  
2 subdivisions within his or her county ~~from taxes levied and assessed in~~  
3 ~~that year~~ because of the personal property tax exemptions allowed in  
4 ~~subsection (1) of~~ section 77-1238. The county assessor and county  
5 treasurer may amend the certification to show any change or correction in  
6 the total tax revenue that will be lost until May 30 of the next  
7 succeeding year. The Tax Commissioner shall, on or before January 1 next  
8 following the certification, notify the Director of Administrative  
9 Services of the amount so certified to be reimbursed by the state.  
10 Reimbursement of the tax revenue lost shall be made to each county  
11 according to the certification and shall be distributed in two  
12 approximately equal installments on the last business day of February and  
13 the last business day of June. The State Treasurer shall, on the business  
14 day preceding the last business day of February and the last business day  
15 of June, notify the Director of Administrative Services of the amount of  
16 funds available in the General Fund to pay the reimbursement. The  
17 Director of Administrative Services shall, on the last business day of  
18 February and the last business day of June, draw warrants against funds  
19 appropriated. Out of the amount received, the county treasurer shall  
20 distribute to each of the taxing subdivisions within his or her county  
21 the full tax revenue lost by each subdivision, except that one percent of  
22 such amount shall be deposited in the county general fund.

23 ~~(2) For tax years prior to tax year 2020, reimbursement to taxing~~  
24 ~~subdivisions for tax revenue that will be lost because of the~~  
25 ~~compensating exemption factor in subsection (2) of section 77-1238 shall~~  
26 ~~be as provided in this subsection. The Property Tax Administrator shall~~  
27 ~~establish the average tax rate that will be used for purposes of~~  
28 ~~reimbursing taxing subdivisions pursuant to this subsection. The average~~  
29 ~~tax rate shall be equal to the total property taxes levied in the state~~  
30 ~~divided by the total taxable value of all taxable property in the state~~  
31 ~~as certified pursuant to section 77-1613.01. The total valuation that~~

1 ~~will be lost to all taxing subdivisions within each county because of the~~  
2 ~~compensating exemption factor in subsection (2) of section 77-1238,~~  
3 ~~multiplied by the average tax rate calculated pursuant to this~~  
4 ~~subsection, shall be the tax revenue to be reimbursed to the taxing~~  
5 ~~subdivisions by the state. Reimbursement of the tax revenue lost for~~  
6 ~~public service entities shall be made to each county according to the~~  
7 ~~certification and shall be distributed among the taxing subdivisions~~  
8 ~~within each county in the same proportion as all public service entity~~  
9 ~~taxes levied by the taxing subdivisions. Reimbursement of the tax revenue~~  
10 ~~lost for railroads shall be made to each county according to the~~  
11 ~~certification and shall be distributed among the taxing subdivisions~~  
12 ~~within each county in the same proportion as all railroad taxes levied by~~  
13 ~~taxing subdivisions. Reimbursement of the tax revenue lost for car line~~  
14 ~~companies shall be distributed in the same manner as the taxes collected~~  
15 ~~pursuant to section 77-684. Reimbursement of the tax revenue lost for air~~  
16 ~~carriers shall be distributed in the same manner as the taxes collected~~  
17 ~~pursuant to section 77-1250.~~

18       (2) ~~(3)~~ Each taxing subdivision shall, in preparing its annual or  
19 biennial budget, take into account the amounts to be received under this  
20 section.

21       Sec. 34. Section 77-1248, Revised Statutes Cumulative Supplement,  
22 2022, is amended to read:

23       77-1248 (1) The Property Tax Administrator shall ascertain from the  
24 reports made and from any other information obtained by him or her the  
25 taxable value of the flight equipment of air carriers and the proportion  
26 allocated to this state for the purposes of taxation as provided in  
27 section 77-1245.

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

31       (i) The ratio of the taxable value of all commercial and industrial

1 depreciable tangible personal property in the state actually subjected to  
2 property tax to the market value of all commercial and industrial  
3 depreciable tangible personal property in the state; and

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

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

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

18 ~~(3) For tax years prior to tax year 2020, the Property Tax~~  
19 ~~Administrator shall multiply the valuation of each air carrier by the~~  
20 ~~compensating exemption factor calculated in section 77-1238.~~

21 Sec. 35. Section 77-1632, Revised Statutes Supplement, 2023, is  
22 amended to read:

23 77-1632 (1) If the annual assessment of property would result in an  
24 increase in the total property taxes levied by a county, city, village,  
25 school district, learning community, sanitary and improvement district,  
26 natural resources district, educational service unit, or community  
27 college, as determined using the previous year's rate of levy, such  
28 political subdivision's property tax request for the current year shall  
29 be no more than its property tax request in the prior year, and the  
30 political subdivision's rate of levy for the current year shall be  
31 decreased accordingly when such rate is set by the county board of

1 equalization pursuant to section 77-1601. The governing body of the  
2 political subdivision shall pass a resolution or ordinance to set the  
3 amount of its property tax request after holding the public hearing  
4 required in subsection (3) of this section. If the governing body of a  
5 political subdivision seeks to set its property tax request at an amount  
6 that exceeds its property tax request in the prior year, it may do so,  
7 subject to the limitations provided in the School District Property Tax  
8 Limitation Act and the Property Tax Growth Limitation Act, to the extent  
9 ~~allowed by law~~ after holding the public hearing required in subsection  
10 (3) of this section and by passing a resolution or ordinance that  
11 complies with subsection (4) of this section. If any county, city, school  
12 district, or community college seeks to increase its property tax request  
13 by more than the allowable growth percentage, such political subdivision  
14 shall comply with the requirements of section 77-1633 in lieu of the  
15 requirements in subsections (3) and (4) of this section.

16 (2) If the annual assessment of property would result in no change  
17 or a decrease in the total property taxes levied by a county, city,  
18 village, school district, learning community, sanitary and improvement  
19 district, natural resources district, educational service unit, or  
20 community college, as determined using the previous year's rate of levy,  
21 such political subdivision's property tax request for the current year  
22 shall be no more than its property tax request in the prior year, and the  
23 political subdivision's rate of levy for the current year shall be  
24 adjusted accordingly when such rate is set by the county board of  
25 equalization pursuant to section 77-1601. The governing body of the  
26 political subdivision shall pass a resolution or ordinance to set the  
27 amount of its property tax request after holding the public hearing  
28 required in subsection (3) of this section. If the governing body of a  
29 political subdivision seeks to set its property tax request at an amount  
30 that exceeds its property tax request in the prior year, it may do so,  
31 subject to the limitations provided in the School District Property Tax

1 ~~Limitation Act and the Property Tax Growth Limitation Act, to the extent~~  
2 ~~allowed by law~~ after holding the public hearing required in subsection  
3 (3) of this section and by passing a resolution or ordinance that  
4 complies with subsection (4) of this section. If any county, city, school  
5 district, or community college seeks to increase its property tax request  
6 by more than the allowable growth percentage, such political subdivision  
7 shall comply with the requirements of section 77-1633 in lieu of the  
8 requirements in subsections (3) and (4) of this section.

9 (3) The resolution or ordinance required under this section shall  
10 only be passed after a special public hearing called for such purpose is  
11 held and after notice is published in a newspaper of general circulation  
12 in the area of the political subdivision at least four calendar days  
13 prior to the hearing. For purposes of such notice, the four calendar days  
14 shall include the day of publication but not the day of hearing. If the  
15 political subdivision's total operating budget, not including reserves,  
16 does not exceed ten thousand dollars per year or twenty thousand dollars  
17 per biennial period, the notice may be posted at the governing body's  
18 principal headquarters. The hearing notice shall contain the following  
19 information: The certified taxable valuation under section 13-509 for the  
20 prior year, the certified taxable valuation under section 13-509 for the  
21 current year, and the percentage increase or decrease in such valuations  
22 from the prior year to the current year; the dollar amount of the prior  
23 year's tax request and the property tax rate that was necessary to fund  
24 that tax request; the property tax rate that would be necessary to fund  
25 last year's tax request if applied to the current year's valuation; the  
26 proposed dollar amount of the tax request for the current year and the  
27 property tax rate that will be necessary to fund that tax request; the  
28 percentage increase or decrease in the property tax rate from the prior  
29 year to the current year; and the percentage increase or decrease in the  
30 total operating budget from the prior year to the current year.

31 (4) Any resolution or ordinance setting a political subdivision's

1 property tax request under this section at an amount that exceeds the  
2 political subdivision's property tax request in the prior year shall  
3 include, but not be limited to, the following information:

4 (a) The name of the political subdivision;

5 (b) The amount of the property tax request;

6 (c) The following statements:

7 (i) The total assessed value of property differs from last year's  
8 total assessed value by ..... percent;

9 (ii) The tax rate which would levy the same amount of property taxes  
10 as last year, when multiplied by the new total assessed value of  
11 property, would be \$..... per \$100 of assessed value;

12 (iii) The (name of political subdivision) proposes to adopt a  
13 property tax request that will cause its tax rate to be \$..... per \$100  
14 of assessed value; and

15 (iv) Based on the proposed property tax request and changes in other  
16 revenue, the total operating budget of (name of political subdivision)  
17 will (increase or decrease) last year's budget by ..... percent; and

18 (d) The record vote of the governing body in passing such resolution  
19 or ordinance.

20 (5) Any resolution or ordinance setting a property tax request under  
21 this section shall be certified and forwarded to the county clerk on or  
22 before October 15 of the year for which the tax request is to apply.

23 Sec. 36. Section 77-1633, Revised Statutes Supplement, 2023, is  
24 amended to read:

25 77-1633 (1) For purposes of this section, political subdivision  
26 means any county, city, school district, or community college.

27 (2) If any political subdivision seeks to increase its property tax  
28 request by more than the allowable growth percentage, such political  
29 subdivision may do so, subject to the limitations provided in the School  
30 District Property Tax Limitation Act and the Property Tax Growth  
31 Limitation Act, if the following requirements are met to the extent

1 ~~allowed by law if:~~

2 (a) A public hearing is held and notice of such hearing is provided  
3 in compliance with subsection (3) of this section; and

4 (b) The governing body of such political subdivision passes a  
5 resolution or an ordinance that complies with subsection (4) of this  
6 section.

7 (3)(a) Each political subdivision within a county that seeks to  
8 increase its property tax request by more than the allowable growth  
9 percentage shall participate in a joint public hearing. Each such  
10 political subdivision shall designate one representative to attend the  
11 joint public hearing on behalf of the political subdivision. If a  
12 political subdivision includes area in more than one county, the  
13 political subdivision shall be deemed to be within the county in which  
14 the political subdivision's principal headquarters are located. At such  
15 hearing, there shall be no items on the agenda other than discussion on  
16 each political subdivision's intent to increase its property tax request  
17 by more than the allowable growth percentage.

18 (b) At least one elected official from each participating political  
19 subdivision shall attend the joint public hearing. An elected official  
20 may be the designated representative from a participating political  
21 subdivision. The presence of a quorum or the participation of elected  
22 officials at the joint public hearing does not constitute a meeting as  
23 defined by section 84-1409 of the Open Meetings Act.

24 (c) The joint public hearing shall be held on or after September 14  
25 and prior to September 24 and before any of the participating political  
26 subdivisions file their adopted budget statement pursuant to section  
27 13-508.

28 (d) The joint public hearing shall be held after 6 p.m. local time  
29 on the relevant date.

30 (e) The joint public hearing shall be organized by the county clerk  
31 or his or her designee. At the joint public hearing, the designated

1 representative of each political subdivision shall give a brief  
2 presentation on the political subdivision's intent to increase its  
3 property tax request by more than the allowable growth percentage and the  
4 effect of such request on the political subdivision's budget. The  
5 presentation shall include:

6 (i) The name of the political subdivision;

7 (ii) The amount of the property tax request; and

8 (iii) The following statements:

9 (A) The total assessed value of property differs from last year's  
10 total assessed value by ..... percent;

11 (B) The tax rate which would levy the same amount of property taxes  
12 as last year, when multiplied by the new total assessed value of  
13 property, would be \$..... per \$100 of assessed value;

14 (C) The (name of political subdivision) proposes to adopt a property  
15 tax request that will cause its tax rate to be \$..... per \$100 of  
16 assessed value;

17 (D) Based on the proposed property tax request and changes in other  
18 revenue, the total operating budget of (name of political subdivision)  
19 will exceed last year's by ..... percent; and

20 (E) To obtain more information regarding the increase in the  
21 property tax request, citizens may contact the (name of political  
22 subdivision) at (telephone number and email address of political  
23 subdivision).

24 (f) Any member of the public shall be allowed to speak at the joint  
25 public hearing and shall be given a reasonable amount of time to do so.

26 (g) Notice of the joint public hearing shall be provided:

27 (i) By sending a postcard to all affected property taxpayers. The  
28 postcard shall be sent to the name and address to which the property tax  
29 statement is mailed;

30 (ii) By posting notice of the hearing on the home page of the  
31 relevant county's website, except that this requirement shall only apply



1 if the county has a population of more than ten thousand inhabitants; and  
2 (iii) By publishing notice of the hearing in a legal newspaper in or  
3 of general circulation in the relevant county.

4 (h) Each political subdivision that participates in the joint public  
5 hearing shall electronically send the information prescribed in  
6 subdivision (3)(i) of this section to the county assessor by September 4.  
7 The county clerk shall notify the county assessor of the date, time, and  
8 location of the joint public hearing no later than September 4. The  
9 county clerk shall notify each participating political subdivision of the  
10 date, time, and location of the joint public hearing. The county assessor  
11 shall send the information required to be included on the postcards  
12 pursuant to subdivision (3)(i) of this section to a printing service  
13 designated by the county board. The initial cost for printing the  
14 postcards shall be paid from the county general fund. Such postcards  
15 shall be mailed at least seven calendar days before the joint public  
16 hearing. The cost of creating and mailing the postcards, including staff  
17 time, materials, and postage, shall be charged proportionately to the  
18 political subdivisions participating in the joint public hearing based on  
19 the total number of parcels in each participating political subdivision.  
20 Each participating political subdivision shall also maintain a  
21 prominently displayed and easily accessible link on the home page of the  
22 political subdivision's website to the political subdivision's proposed  
23 budget, except that this requirement shall not apply if the political  
24 subdivision is a county with a population of less than ten thousand  
25 inhabitants, a city with a population of less than one thousand  
26 inhabitants, or, for joint public hearings prior to January 1, 2024, a  
27 school district.

28 (i) The postcard sent under this subsection and the notice posted on  
29 the county's website, if required under subdivision (3)(g)(ii) of this  
30 section, and published in the newspaper shall include the date, time, and  
31 location for the joint public hearing, a listing of and telephone number

1 for each political subdivision that will be participating in the joint  
2 public hearing, and the amount of each participating political  
3 subdivision's property tax request. The postcard shall also contain the  
4 following information:

5 (i) The following words in capitalized type at the top of the  
6 postcard: NOTICE OF PROPOSED TAX INCREASE;

7 (ii) The name of the county that will hold the joint public hearing,  
8 which shall appear directly underneath the capitalized words described in  
9 subdivision (3)(i)(i) of this section;

10 (iii) The following statement: The following political subdivisions  
11 are proposing a revenue increase which would result in an overall  
12 increase in property taxes in (insert current tax year). THE ACTUAL TAX  
13 ON YOUR PROPERTY MAY INCREASE OR DECREASE. This notice contains estimates  
14 of the tax on your property as a result of this revenue increase. These  
15 estimates are calculated on the basis of the proposed (insert current tax  
16 year) data. The actual tax on your property may vary from these  
17 estimates.

18 (iv) The parcel number for the property;

19 (v) The name of the property owner and the address of the property;

20 (vi) The property's assessed value in the previous tax year;

21 (vii) The amount of property taxes due in the previous tax year for  
22 each participating political subdivision;

23 (viii) The property's assessed value for the current tax year;

24 (ix) The amount of property taxes due for the current tax year for  
25 each participating political subdivision;

26 (x) The change in the amount of property taxes due for each  
27 participating political subdivision from the previous tax year to the  
28 current tax year; and

29 (xi) The following statement: To obtain more information regarding  
30 the tax increase, citizens may contact the political subdivision at the  
31 telephone number provided in this notice.

1 (4) After the joint public hearing required in subsection (3) of  
2 this section, the governing body of each participating political  
3 subdivision shall pass an ordinance or resolution to set such political  
4 subdivision's property tax request. If the political subdivision is  
5 increasing its property tax request over the amount from the prior year,  
6 including any increase in excess of the allowable growth percentage, then  
7 such ordinance or resolution shall include, but not be limited to, the  
8 following information:

9 (a) The name of the political subdivision;

10 (b) The amount of the property tax request;

11 (c) The following statements:

12 (i) The total assessed value of property differs from last year's  
13 total assessed value by ..... percent;

14 (ii) The tax rate which would levy the same amount of property taxes  
15 as last year, when multiplied by the new total assessed value of  
16 property, would be \$..... per \$100 of assessed value;

17 (iii) The (name of political subdivision) proposes to adopt a  
18 property tax request that will cause its tax rate to be \$..... per \$100  
19 of assessed value; and

20 (iv) Based on the proposed property tax request and changes in other  
21 revenue, the total operating budget of (name of political subdivision)  
22 will exceed last year's by ..... percent; and

23 (d) The record vote of the governing body in passing such resolution  
24 or ordinance.

25 (5) Any resolution or ordinance setting a property tax request under  
26 this section shall be certified and forwarded to the county clerk on or  
27 before October 15 of the year for which the tax request is to apply.

28 (6) The county clerk, or his or her designee, shall prepare a report  
29 which shall include:

30 (a) The names of the designated representatives of the political  
31 subdivisions participating in the joint public hearing;

1 (b) The name and address of each individual who spoke at the joint  
2 public hearing, unless the address requirement is waived to protect the  
3 security of the individual, and the name of any organization represented  
4 by each such individual;

5 (c) The name of each political subdivision that participated in the  
6 joint public hearing;

7 (d) The real growth value and real growth percentage for each  
8 participating political subdivision;

9 (e) The amount each participating political subdivision seeks to  
10 increase its property tax request in excess of the allowable growth  
11 percentage; and

12 (f) The number of individuals who signed in to attend the joint  
13 public hearing.

14 Such report shall be delivered to the political subdivisions  
15 participating in the joint public hearing within ten days after such  
16 hearing.

17 Sec. 37. Section 77-1701, Revised Statutes Supplement, 2023, is  
18 amended to read:

19 77-1701 (1) The county treasurer shall be ex officio county  
20 collector of all taxes levied within the county. The county board shall  
21 designate a county official to mail or otherwise deliver a statement of  
22 the amount of taxes due and a notice that special assessments are due, to  
23 the last-known address of the person, firm, association, or corporation  
24 against whom such taxes or special assessments are assessed or to the  
25 lending institution or other party responsible for paying such taxes or  
26 special assessments. Such statement shall clearly indicate, for each  
27 political subdivision, the levy rate and the amount of taxes due to  
28 implement an increase in compensation for understaffed law enforcement  
29 officer, firefighter, or corrections officer positions pursuant to  
30 subdivision (6) of section 4 of this act. Such statement shall also  
31 clearly indicate, for each political subdivision, the levy rate and the

1 amount of taxes due as the result of principal or interest payments on  
2 bonds issued by the political subdivision and shall show such rate and  
3 amount separate from any other levy. When taxes on real property are  
4 delinquent for a prior year, the county treasurer shall indicate this  
5 information on the current year tax statement in bold letters. The  
6 information provided shall inform the taxpayer that delinquent taxes and  
7 interest are due for the prior year or years and shall indicate the  
8 specific year or years for which such taxes and interest remain unpaid.  
9 The language shall read "Back Taxes and Interest Due For", followed by  
10 numbers to indicate each year for which back taxes and interest are due  
11 and a statement indicating that failure to pay the back taxes and  
12 interest may result in the loss of the real property. Failure to receive  
13 such statement or notice shall not relieve the taxpayer from any  
14 liability to pay such taxes or special assessments and any interest or  
15 penalties accrued thereon. In any county in which a city of the  
16 metropolitan class is located, all statements of taxes shall also include  
17 notice that special assessments for cutting weeds, removing litter, and  
18 demolishing buildings are due.

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

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

1 amount of taxes and special assessments due in subsequent years and shall  
2 not be considered delinquent until the total amount is two dollars or  
3 more.

4 Sec. 38. Section 77-1776, Revised Statutes Cumulative Supplement,  
5 2022, is amended to read:

6 77-1776 Any political subdivision which has received proceeds from a  
7 levy imposed on all taxable property within an entire county which is in  
8 excess of that requested by the political subdivision under the Property  
9 Tax Request Act as a result of a clerical error or mistake shall, in the  
10 fiscal year following receipt, return the excess tax collections, net of  
11 the collection fee, to the county. By July 31 of the fiscal year  
12 following the receipt of any excess tax collections, the county treasurer  
13 shall certify to the political subdivision the amount to be returned. For  
14 fiscal years beginning prior to July 1, 2025, such ~~Such~~ excess tax  
15 collections shall be restricted funds in the budget of the county that  
16 receives the funds under section 13-518.

17 Sec. 39. Section 77-2602, Revised Statutes Cumulative Supplement,  
18 2022, is amended to read:

19 77-2602 (1) Every stamping agent engaged in distributing or selling  
20 cigarettes at wholesale in this state shall pay to the Tax Commissioner  
21 of this state a special privilege tax. This shall be in addition to all  
22 other taxes. It shall be paid prior to or at the time of the sale, gift,  
23 or delivery to the retail dealer in the several amounts as follows: On  
24 each package of cigarettes containing not more than twenty cigarettes,  
25 one dollar and sixty-four cents per package; and on packages containing  
26 more than twenty cigarettes, the same tax as provided on packages  
27 containing not more than twenty cigarettes for the first twenty  
28 cigarettes in each package and a tax of one-twentieth of the tax on the  
29 first twenty cigarettes on each cigarette in excess of twenty cigarettes  
30 in each package.

31 (2) Beginning October 1, 2004, the State Treasurer shall place the

1 equivalent of forty-nine cents of such tax in the General Fund. For  
2 purposes of this section, the equivalent of a specified number of cents  
3 of the tax shall mean that portion of the proceeds of the tax equal to  
4 the specified number divided by the tax rate per package of cigarettes  
5 containing not more than twenty cigarettes.

6 (3) The State Treasurer shall distribute the remaining proceeds of  
7 such tax as follows:

8 (a) Beginning July 1, 1980, the State Treasurer shall place the  
9 equivalent of one cent of such tax in the Nebraska Outdoor Recreation  
10 Development Cash Fund. For fiscal year distributions occurring after  
11 FY1998-99, the distribution under this subdivision shall not be less than  
12 the amount distributed under this subdivision for FY1997-98. Any money  
13 needed to increase the amount distributed under this subdivision to the  
14 FY1997-98 amount shall reduce the distribution to the General Fund;

15 (b) Beginning July 1, 1993, the State Treasurer shall place the  
16 equivalent of three cents of such tax in the Health and Human Services  
17 Cash Fund to carry out sections 81-637 to 81-640. For fiscal year  
18 distributions occurring after FY1998-99, the distribution under this  
19 subdivision shall not be less than the amount distributed under this  
20 subdivision for FY1997-98. Any money needed to increase the amount  
21 distributed under this subdivision to the FY1997-98 amount shall reduce  
22 the distribution to the General Fund;

23 (c) Beginning October 1, 2002, and continuing until all the purposes  
24 of the Deferred Building Renewal Act have been fulfilled, the State  
25 Treasurer shall place the equivalent of seven cents of such tax in the  
26 Building Renewal Allocation Fund. The distribution under this subdivision  
27 shall not be less than the amount distributed under this subdivision for  
28 FY1997-98. Any money needed to increase the amount distributed under this  
29 subdivision to the FY1997-98 amount shall reduce the distribution to the  
30 General Fund;

31 (d) Beginning July 1, 2016, and every fiscal year thereafter, the

1 State Treasurer shall place the equivalent of three million eight hundred  
2 twenty thousand dollars of such tax in the Nebraska Public Safety  
3 Communication System Cash Fund. If necessary, the State Treasurer shall  
4 reduce the distribution of tax proceeds to the General Fund pursuant to  
5 subsection (2) of this section by such amount required to fulfill the  
6 distribution pursuant to this subdivision;~~and~~

7 (e) Beginning July 1, 2016, and every fiscal year thereafter, the  
8 State Treasurer shall place the equivalent of one million two hundred  
9 fifty thousand dollars of such tax in the Nebraska Health Care Cash Fund.  
10 If necessary, the State Treasurer shall reduce the distribution of tax  
11 proceeds to the General Fund pursuant to subsection (2) of this section  
12 by such amount required to fulfill the distribution pursuant to this  
13 subdivision; and -

14 (f) Beginning October 1, 2024, the State Treasurer shall place the  
15 equivalent of one dollar of such tax in the Education Future Fund.

16 (4) If, after distributing the proceeds of such tax pursuant to  
17 subsections (2) and (3) of this section, any proceeds of such tax remain,  
18 the State Treasurer shall place such remainder in the Nebraska Capital  
19 Construction Fund.

20 (5) The Legislature hereby finds and determines that the projects  
21 funded from the Building Renewal Allocation Fund are of critical  
22 importance to the State of Nebraska. It is the intent of the Legislature  
23 that the allocations and appropriations made by the Legislature to such  
24 fund not be reduced until all contracts and securities relating to the  
25 construction and financing of the projects or portions of the projects  
26 funded from such fund are completed or paid, and that until such time any  
27 reductions in the cigarette tax rate made by the Legislature shall be  
28 simultaneously accompanied by equivalent reductions in the amount  
29 dedicated to the General Fund from cigarette tax revenue. Any provision  
30 made by the Legislature for distribution of the proceeds of the cigarette  
31 tax for projects or programs other than those to (a) the General Fund,



1 (b) the Nebraska Outdoor Recreation Development Cash Fund, (c) the Health  
2 and Human Services Cash Fund, (d) the Building Renewal Allocation Fund,  
3 (e) the Nebraska Public Safety Communication System Cash Fund, ~~and~~ (f)  
4 the Nebraska Health Care Cash Fund, and (g) the Education Future Fund  
5 shall not be made a higher priority than or an equal priority to any of  
6 the programs or projects specified in subdivisions (a) through (g) ~~(f)~~ of  
7 this subsection.

8 Sec. 40. Section 77-2701, Revised Statutes Supplement, 2023, as  
9 amended by Laws 2024, LB937, section 67, Laws 2024, LB1023, section 8,  
10 and Laws 2024, LB1317, section 80, is amended to read:

11 77-2701 Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235,  
12 77-27,236, and 77-27,238 to 77-27,241, section 71 of this act, section 11  
13 of this act, and section 84 of this act and section 46 of this act shall  
14 be known and may be cited as the Nebraska Revenue Act of 1967.

15 Sec. 41. Section 77-2701.02, Revised Statutes Supplement, 2023, as  
16 amended by Laws 2024, LB1317, section 81, is amended to read:

17 77-2701.02 (1) Pursuant to section 77-2715.01, the rate of the  
18 sales tax levied pursuant to section 77-2703 shall be five and one-half  
19 percent, except as otherwise provided in this section. ÷

20 (2) Such rate shall be two and three-quarters percent on  
21 transactions that occur within that portion of a good life district  
22 established pursuant to the Good Life Transformational Projects Act which  
23 is located within the corporate limits of a city or village.

24 (3) Such rate shall be thirty percent on consumable hemp products.

25 (4) Such rate shall be two percent on:

26 (a) Agricultural machinery and equipment purchased for use in  
27 commercial agriculture; and

28 (b) Manufacturing machinery and equipment and installation, repair,  
29 and maintenance services performed on or with respect to manufacturing  
30 machinery and equipment.

31 (5) Such rate shall be four percent on real property maintenance and

1 repair services performed by carpentry contractors or electricians.

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

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

7 ~~(3) Commencing July 1, 1999, and until the start of the first~~  
8 ~~calendar quarter after July 20, 2002, the rate of the sales tax levied~~  
9 ~~pursuant to section 77-2703 shall be five percent;~~

10 ~~(4) Commencing on the start of the first calendar quarter after July~~  
11 ~~20, 2002, and until July 1, 2023, the rate of the sales tax levied~~  
12 ~~pursuant to section 77-2703 shall be five and one-half percent;~~

13 ~~(5) Commencing July 1, 2023, and until July 1, 2024, the rate of the~~  
14 ~~sales tax levied pursuant to section 77-2703 shall be five and one-half~~  
15 ~~percent, except that such rate shall be two and three-quarters percent on~~  
16 ~~transactions occurring within a good life district as defined in section~~  
17 ~~77-4403; and~~

18 ~~(6) Commencing July 1, 2024, the rate of the sales tax levied~~  
19 ~~pursuant to section 77-2703 shall be five and one-half percent, except~~  
20 ~~that such rate shall be two and three quarters percent on transactions~~  
21 ~~that occur within that portion of a good life district established~~  
22 ~~pursuant to the Good Life Transformational Projects Act which is located~~  
23 ~~within the corporate limits of a city or village.~~

24 Sec. 42. Section 77-2701.04, Revised Statutes Supplement, 2023, as  
25 amended by Laws 2024, LB937, section 68, and Laws 2024, LB1317, section  
26 82, is amended to read:

27 77-2701.04 For purposes of sections 77-2701.04 to 77-2713 and  
28 77-27,239, section 71 of this act, and section 84 of this act and section  
29 46 of this act, unless the context otherwise requires, the definitions  
30 found in sections 77-2701.05 to 77-2701.56 and section 46 of this act  
31 shall be used.

1           Sec. 43. Section 77-2701.11, Reissue Revised Statutes of Nebraska,  
2 is amended to read:

3           77-2701.11 Delivery charges means charges by the seller of personal  
4 property or services for preparation and delivery to a location  
5 designated by the purchaser of personal property or services, including,  
6 but not limited to, transportation, shipping, postage, handling, crating,  
7 and packing. ~~Delivery charges does not include United States postage~~  
8 ~~charges on direct mail that are separately stated on the invoice, bill of~~  
9 ~~sale, or similar document given to the purchaser.~~

10          Sec. 44. Section 77-2701.16, Revised Statutes Cumulative Supplement,  
11 2022, is amended to read:

12          77-2701.16 (1) Gross receipts means the total amount of the sale or  
13 lease or rental price, as the case may be, of the retail sales of  
14 retailers.

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

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

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

31          (b) In the furnishing of telegraph service, the gross income

1 received from the furnishing of intrastate and interstate telegraph  
2 services;

3 ~~(c) (i)~~ In the furnishing of gas, sewer, water, and electricity  
4 service, ~~other than electricity service to a customer-generator as~~  
5 ~~defined in section 70-2002,~~ the gross income received from the furnishing  
6 of such services upon billings or statements rendered to consumers for  
7 such utility services; -

8 ~~(ii)~~ In the furnishing of electricity service to a customer-  
9 generator as defined in section 70-2002, the net energy use upon billings  
10 or statements rendered to customer-generators for such electricity  
11 service;

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

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

27 ~~(i) The gross income received by a political subdivision of the~~  
28 ~~state, an electric cooperative, or an electric membership association for~~  
29 ~~the lease or use of, or by a contractor for the construction of or~~  
30 ~~services provided on, electric generation, transmission, distribution, or~~  
31 ~~street lighting structures or facilities owned by a political subdivision~~

1 of the state, an electric cooperative, or an electric membership  
2 association; or

3 This subdivision also does not apply to the ~~(ii)~~ The gross income  
4 received for the lease or use of towers or other structures primarily  
5 used in conjunction with the furnishing of ~~(i)~~ ~~(A)~~ Internet access  
6 services, ~~(ii)~~ ~~(B)~~ agricultural global positioning system locating  
7 services, or ~~(iii)~~ ~~(C)~~ over-the-air radio and television broadcasting  
8 licensed by the Federal Communications Commission, including antennas and  
9 studio transmitter link systems. For purposes of this subdivision, studio  
10 transmitter link system means a system which serves as a conduit to  
11 deliver audio from its origin in a studio to a broadcast transmitter.

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

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

18 (b) In the furnishing of videotapes, movie film, satellite  
19 programming, satellite programming service, and satellite television  
20 signal descrambling or decoding devices, the gross income received from  
21 the license, franchise, or other method establishing the charge.

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

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

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

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

28 (d) The gross income received for installing and applying tangible  
29 personal property if the sale of the property is subject to tax. If any  
30 or all of the charge for installation is free to the customer and is paid  
31 by a third-party service provider to the installer, any tax due on that

1 part of the activation commission, finder's fee, installation charge, or  
2 similar payment made by the third-party service provider shall be paid  
3 and remitted by the third-party service provider;

4 (e) The gross income received for services of recreational vehicle  
5 parks;

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

10 (g) The gross income received for animal specialty services,  
11 including veterinary services and animal grooming, but excluding  
12 veterinary services or other specialty services performed on livestock as  
13 defined in section 54-183; except (i) veterinary services, (ii) specialty  
14 services performed on livestock as defined in section 54-183, and (iii)  
15 animal grooming performed by a licensed veterinarian or a licensed  
16 veterinary technician in conjunction with medical treatment; and

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

18 (i) The gross income received for storage and moving services;

19 (j) The gross income received for tattoo and body modification  
20 services;

21 (k) The gross income received for nail care services;

22 (l) The gross income received for hair removal services;

23 (m) The gross income received for massage services;

24 (n) The gross income received for skin care services;

25 (o) The gross income received for hair care services;

26 (p) The gross income received for the cleaning of clothing,  
27 excluding any amounts exempt pursuant to section 77-2704.14;

28 (q) The gross income received for local, fixed-route passenger  
29 transportation by road or transit rail;

30 (r) The gross income received for long-distance passenger  
31 transportation by road, except fixed-route passenger transportation;

1       (s) The gross income received for local taxi service;

2       (t) The gross income received for local passenger transportation by  
3 chartered road vehicles, including limousines and similar luxury  
4 vehicles;

5       (u) The gross income received for sightseeing services by ground  
6 vehicles;

7       (v) The gross income received for legal services;

8       (w) The gross income received for accounting services;

9       (x) The gross income received for the services of real estate agents  
10 and real estate appraisers;

11       (y) The gross income received for providing investment advice;

12       (z) The gross income received for travel agency services;

13       (aa) The gross income received for tour operator services;

14       (bb) The gross income received for real property maintenance and  
15 repair services, including the services of painting and wall covering  
16 contractors, poured concrete foundation and structure contractors,  
17 framing contractors, roofing contractors, siding contractors,  
18 electricians, plumbing, heating, and air conditioning contractors,  
19 drywall and insulation contractors, flooring contractors, and carpentry  
20 contractors;

21       (cc) The gross income received for motor vehicle repair and  
22 maintenance services, including body repair, brake repair, electrical  
23 system repair, muffler and exhaust system repair, air conditioning and  
24 heating system repair, power train repair, scheduled preventative  
25 maintenance, wheel and alignment services, and repair of recreational  
26 motor vehicles;

27       (dd) The gross income received for weight loss services;

28       (ee) The gross income received for bail bonding services;

29       (ff) The gross income received for telefloral delivery services;

30       (gg) The gross income received for seismograph and geophysical  
31 services;

- 1        (hh) The gross income received for water well drilling;
- 2        (ii) The gross income received for loan broker services;
- 3        (jj) The gross income received for real estate management services;
- 4        (kk) The gross income received for real estate title and abstracting
- 5 services;
- 6        (ll) The gross income received for the reporting of financial
- 7 information for use by investors;
- 8        (mm) The gross income received for dating services;
- 9        (nn) The gross income received for the services of fishing and
- 10 hunting guides;
- 11        (oo) The gross income received for providing golf lessons, dance
- 12 lessons, or tennis lessons;
- 13        (pp) The gross income received for swimming pool cleaning and
- 14 maintenance services;
- 15        (qq) The gross income received for tax return preparation;
- 16        (rr) The gross income received for debt collection services;
- 17        (ss) The gross income received for providing credit report
- 18 information;
- 19        (tt) The gross income received for the services of employment
- 20 agencies and temporary help agencies;
- 21        (uu) The gross income received for interior design and decorating
- 22 services;
- 23        (vv) The gross income received for lobbying services;
- 24        (ww) The gross income received for marketing and telemarketing
- 25 services;
- 26        (xx) The gross income received for service of process;
- 27        (yy) The gross income received for public relations services;
- 28        (zz) The gross income received for secretarial and court reporting
- 29 services;
- 30        (aaa) The gross income received for telephone answering services;
- 31        (bbb) The gross income received for the services of testing



1 laboratories, excluding any such services provided as part of medical  
2 treatment;

3 (ccc) The gross income received for information services;

4 (ddd) The gross income received for data processing services;

5 (eee) The gross income received for mainframe computer access and  
6 processing services;

7 (fff) The gross income received for providing access to parking lots  
8 and parking garages;

9 (ggg) The gross income received for land surveying services;

10 (hhh) The gross income received for providing chartered flights; and

11 (iii) The gross income received for labor for repair or maintenance  
12 services performed with regard to railroad rolling stock, motor vehicles,  
13 watercraft, or aircraft engaged as common or contract carriers.

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

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

27 (7) Gross receipts includes the sale of any building materials  
28 annexed to real estate by a person electing to be taxed as a retailer  
29 pursuant to subdivision (1) of section 77-2701.10.

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

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

8       (9) ~~(10)~~ Gross receipts includes any receipts from sales of tangible  
9 personal property made over a multivendor marketplace platform that acts  
10 as the intermediary by facilitating sales between a seller and the  
11 purchaser and that, either directly or indirectly through agreements or  
12 arrangements with third parties, collects payment from the purchaser and  
13 transmits payment to the seller.

14       (10) ~~(11)~~ Gross receipts does not include:

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

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

21       Sec. 45. Section 77-2701.35, Reissue Revised Statutes of Nebraska,  
22 is amended to read:

23       77-2701.35 (1) Sales price applies to the measure subject to sales  
24 tax and means the total amount of consideration, including cash, credit,  
25 property, and services, for which personal property or services are sold,  
26 leased, or rented, valued in money, whether received in money or  
27 otherwise, without any deduction for the following:

28       (a) The seller's cost of the property sold;

29       (b) The cost of materials used, the cost of labor or service,  
30 interest, losses, all costs of transportation to the seller, all taxes  
31 imposed on the seller, and any other expense of the seller;

1 (c) Charges by the seller for any services necessary to complete the  
2 sale;

3 (d) Delivery charges; and

4 (e) Installation charges.

5 (2) Sales price includes consideration received by the seller from  
6 third parties if:

7 (a) The seller actually receives consideration from a party other  
8 than the purchaser and the consideration is directly related to a price  
9 reduction or discount on the sale;

10 (b) The seller has an obligation to pass the price reduction or  
11 discount through to the purchaser;

12 (c) The amount of the consideration attributable to the sale is  
13 fixed and determinable by the seller at the time of the sale of the item  
14 to the purchaser; and

15 (d) One of the following criteria is met:

16 (i) The purchaser presents a coupon, certificate, or other  
17 documentation to the seller to claim a price reduction or discount when  
18 the coupon, certificate, or documentation is authorized, distributed, or  
19 granted by a third party with the understanding that the third party will  
20 reimburse any seller to whom the coupon, certificate, or documentation is  
21 presented;

22 (ii) The purchaser identifies himself or herself to the seller as a  
23 member of a group or organization entitled to a price reduction or  
24 discount. A preferred customer card that is available to any patron does  
25 not constitute membership in such a group; or

26 (iii) The price reduction or discount is identified as a third-party  
27 price reduction or discount on the invoice received by the purchaser or  
28 on a coupon, certificate, or other documentation presented by the  
29 purchaser.

30 (3) Sales price does not include:

31 (a) Any discounts, including cash, terms, or coupons that are not

1 reimbursed by a third party that are allowed by a seller and taken by a  
2 purchaser on a sale;

3 (b) Interest, financing, and carrying charges from credit extended  
4 on the sale of personal property or services, if the amount is separately  
5 stated on the invoice, bill of sale, or similar document given to the  
6 purchaser;

7 (c) Any taxes legally imposed directly on the consumer that are  
8 separately stated on the invoice, bill of sale, or similar document given  
9 to the purchaser; and

10 ~~(d) United States postage charges on direct mail that are separately~~  
11 ~~stated on the invoice, bill of sale, or similar document given to the~~  
12 ~~purchaser; and~~

13 ~~(d)~~ (e) Credit for any trade-in as follows:

14 (i) The value of property taken by a seller in trade as all or a  
15 part of the consideration for a sale of property of any kind or nature;  
16 or

17 (ii) The value of a motor vehicle, motorboat, all-terrain vehicle,  
18 or utility-type vehicle taken by any person in trade as all or a part of  
19 the consideration for a sale of another motor vehicle, motorboat, all-  
20 terrain vehicle, or utility-type vehicle.

21 Sec. 46. (1) Consumable hemp product means a finished product that  
22 contains hemp as defined in section 2-503 and that has a delta-9  
23 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry  
24 weight basis.

25 (2) Consumable hemp product does not include a product made from the  
26 mature stalks of a plant of the genus cannabis, fiber produced from such  
27 stalks, oil or cake made from the seeds of such plant, any other  
28 compound, manufacture, salt, derivative, mixture, or preparation of such  
29 mature stalks, the sterilized seed of such plant which is incapable of  
30 germination, or cannabidiol contained in a drug product approved by the  
31 federal Food and Drug Administration.

1           Sec. 47. Section 77-2703, Revised Statutes Cumulative Supplement,  
2 2022, is amended to read:

3           77-2703 (1) There is hereby imposed a tax at the rate provided in  
4 section 77-2701.02 upon the gross receipts from all sales of tangible  
5 personal property sold at retail in this state; the gross receipts of  
6 every person engaged as a public utility, as a community antenna  
7 television service operator, or as a satellite service operator, any  
8 person involved in the connecting and installing of the services defined  
9 in subdivision (2)(a), (b), (d), or (e) of section 77-2701.16, or every  
10 person engaged as a retailer of intellectual or entertainment properties  
11 referred to in subsection (3) of section 77-2701.16; the gross receipts  
12 from the sale of admissions in this state; the gross receipts from the  
13 sale of warranties, guarantees, service agreements, or maintenance  
14 agreements when the items covered are subject to tax under this section;  
15 beginning January 1, 2008, the gross receipts from the sale of bundled  
16 transactions when one or more of the products included in the bundle are  
17 taxable; the gross receipts from the provision of services defined in  
18 subsection (4) of section 77-2701.16; and the gross receipts from all  
19 sales of products transferred electronically or furnished in any other  
20 manner regardless of whether permanent use or a less than permanent use  
21 is granted by the seller and whether the sale is conditioned upon  
22 continued payments, except when the sale of and the storage, use, or  
23 other consumption of such products sold in a tangible but non-electronic  
24 form is exempt from, or not subject to, taxation under this section. For  
25 purposes of this subsection, transferred electronically means accessed or  
26 obtained by the purchaser by means other than tangible storage media. For  
27 purposes of this subsection, a product is furnished if it is provided as  
28 a service, including, but not limited to, storage, processing, and co-  
29 location services ~~the sale of products delivered electronically as~~  
30 ~~described in subsection (9) of section 77-2701.16.~~ Except as provided in  
31 section 77-2701.03, when there is a sale, the tax shall be imposed at the

1 rate in effect at the time the gross receipts are realized under the  
2 accounting basis used by the retailer to maintain his or her books and  
3 records.

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

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

17 (c) The tax required to be collected by the retailer from the  
18 purchaser, unless otherwise provided by statute or by rule and regulation  
19 of the Tax Commissioner, shall be displayed separately from the list  
20 price, the price advertised in the premises, the marked price, or other  
21 price on the sales check or other proof of sales, rentals, or leases.

22 (d) For the purpose of more efficiently securing the payment,  
23 collection, and accounting for the sales tax and for the convenience of  
24 the retailer in collecting the sales tax, it shall be the duty of the Tax  
25 Commissioner to provide a schedule or schedules of the amounts to be  
26 collected from the consumer or user to effectuate the computation and  
27 collection of the tax imposed by the Nebraska Revenue Act of 1967. Such  
28 schedule or schedules shall provide that the tax shall be collected from  
29 the consumer or user uniformly on sales according to brackets based on  
30 sales prices of the item or items. Retailers may compute the tax due on  
31 any transaction on an item or an invoice basis. The rounding rule

1 provided in section 77-3,117 applies.

2 (e) The use of tokens or stamps for the purpose of collecting or  
3 enforcing the collection of the taxes imposed in the Nebraska Revenue Act  
4 of 1967 or for any other purpose in connection with such taxes is  
5 prohibited.

6 (f) For the purpose of the proper administration of the provisions  
7 of the Nebraska Revenue Act of 1967 and to prevent evasion of the retail  
8 sales tax, it shall be presumed that all gross receipts are subject to  
9 the tax until the contrary is established. The burden of proving that a  
10 sale of property is not a sale at retail is upon the person who makes the  
11 sale unless he or she takes from the purchaser (i) a resale certificate  
12 to the effect that the property is purchased for the purpose of  
13 reselling, leasing, or renting it, (ii) an exemption certificate pursuant  
14 to subsection (7) of section 77-2705, or (iii) a direct payment permit  
15 pursuant to sections 77-2705.01 to 77-2705.03. Receipt of a resale  
16 certificate, exemption certificate, or direct payment permit shall be  
17 conclusive proof for the seller that the sale was made for resale or was  
18 exempt or that the tax will be paid directly to the state.

19 (g) In the rental or lease of automobiles, trucks, trailers,  
20 semitrailers, and truck-tractors as defined in the Motor Vehicle  
21 Registration Act, the tax shall be collected by the lessor on the rental  
22 or lease price, except as otherwise provided within this section.

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

29 (i) Notice of the desire to make such election shall be filed with  
30 the Tax Commissioner and shall not become effective until the Tax  
31 Commissioner is satisfied that the taxpayer has complied with all

1 conditions of this subsection and all rules and regulations of the Tax  
2 Commissioner;

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

6 (iii) When such election is made, it shall apply to all vehicles of  
7 the lessor rented or leased for periods of one year or more except  
8 vehicles to be leased to common or contract carriers who provide to the  
9 lessor a valid common or contract carrier exemption certificate. If the  
10 lessor rents or leases other vehicles for periods of less than one year,  
11 such lessor shall maintain his or her books and records and his or her  
12 accounting procedure as the Tax Commissioner prescribes; and

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

19 (i) The tax imposed by this section on the sales of motor vehicles,  
20 semitrailers, and trailers as defined in sections 60-339, 60-348, and  
21 60-354 shall be the liability of the purchaser and, with the exception of  
22 motor vehicles, semitrailers, and trailers registered pursuant to section  
23 60-3,198, the tax shall be collected by the county treasurer as provided  
24 in the Motor Vehicle Registration Act or by an approved licensed dealer  
25 participating in the electronic dealer services system pursuant to  
26 section 60-1507 at the time the purchaser makes application for the  
27 registration of the motor vehicle, semitrailer, or trailer for operation  
28 upon the highways of this state. The tax imposed by this section on motor  
29 vehicles, semitrailers, and trailers registered pursuant to section  
30 60-3,198 shall be collected by the Department of Motor Vehicles at the  
31 time the purchaser makes application for the registration of the motor



1 vehicle, semitrailer, or trailer for operation upon the highways of this  
2 state. At the time of the sale of any motor vehicle, semitrailer, or  
3 trailer, the seller shall (i) state on the sales invoice the dollar  
4 amount of the tax imposed under this section and (ii) furnish to the  
5 purchaser a certified statement of the transaction, in such form as the  
6 Tax Commissioner prescribes, setting forth as a minimum the total sales  
7 price, the allowance for any trade-in, and the difference between the  
8 two. The sales tax due shall be computed on the difference between the  
9 total sales price and the allowance for any trade-in as disclosed by such  
10 certified statement. Any seller who willfully understates the amount upon  
11 which the sales tax is due shall be subject to a penalty of one thousand  
12 dollars. A copy of such certified statement shall also be furnished to  
13 the Tax Commissioner. Any seller who fails or refuses to furnish such  
14 certified statement shall be guilty of a misdemeanor and shall, upon  
15 conviction thereof, be punished by a fine of not less than twenty-five  
16 dollars nor more than one hundred dollars. If the purchaser does not  
17 register such motor vehicle, semitrailer, or trailer for operation on the  
18 highways of this state within thirty days of the purchase thereof, the  
19 tax imposed by this section shall immediately thereafter be paid by the  
20 purchaser to the county treasurer or the Department of Motor Vehicles. If  
21 the tax is not paid on or before the thirtieth day after its purchase,  
22 the county treasurer or Department of Motor Vehicles shall also collect  
23 from the purchaser interest from the thirtieth day through the date of  
24 payment and sales tax penalties as provided in the Nebraska Revenue Act  
25 of 1967. The county treasurer or Department of Motor Vehicles shall  
26 report and remit the tax so collected to the Tax Commissioner by the  
27 fifteenth day of the following month. The county treasurer, for his or  
28 her collection fee, shall deduct and withhold, from all amounts required  
29 to be collected under this subsection, the collection fee permitted to be  
30 deducted by any retailer collecting the sales tax, all of which shall be  
31 deposited in the county general fund, plus an additional amount equal to

1 one-half of one percent of all amounts in excess of six thousand dollars  
2 remitted each month. Prior to January 1, 2023, fifty percent of such  
3 additional amount shall be deposited in the county general fund and fifty  
4 percent of such additional amount shall be deposited in the county road  
5 fund. On and after January 1, 2023, seventy-five percent of such  
6 additional amount shall be deposited in the county general fund and  
7 twenty-five percent of such additional amount shall be deposited in the  
8 county road fund. In any county with a population of one hundred fifty  
9 thousand inhabitants or more, the county treasurer shall remit one dollar  
10 of his or her collection fee for each of the first five thousand motor  
11 vehicles, semitrailers, or trailers registered with such county treasurer  
12 on or after January 1, 2020, to the State Treasurer for credit to the  
13 Department of Revenue Enforcement Fund. The Department of Motor Vehicles,  
14 for its collection fee, shall deduct, withhold, and deposit in the Motor  
15 Carrier Division Cash Fund the collection fee permitted to be deducted by  
16 any retailer collecting the sales tax. The collection fee for the county  
17 treasurer or the Department of Motor Vehicles shall be forfeited if the  
18 county treasurer or department violates any rule or regulation pertaining  
19 to the collection of the use tax.

20 (j)(i) The tax imposed by this section on the sale of a motorboat as  
21 defined in section 37-1204 shall be the liability of the purchaser. The  
22 tax shall be collected by the county treasurer at the time the purchaser  
23 makes application for the registration of the motorboat. At the time of  
24 the sale of a motorboat, the seller shall (A) state on the sales invoice  
25 the dollar amount of the tax imposed under this section and (B) furnish  
26 to the purchaser a certified statement of the transaction, in such form  
27 as the Tax Commissioner prescribes, setting forth as a minimum the total  
28 sales price, the allowance for any trade-in, and the difference between  
29 the two. The sales tax due shall be computed on the difference between  
30 the total sales price and the allowance for any trade-in as disclosed by  
31 such certified statement. Any seller who willfully understates the amount

1 upon which the sales tax is due shall be subject to a penalty of one  
2 thousand dollars. A copy of such certified statement shall also be  
3 furnished to the Tax Commissioner. Any seller who fails or refuses to  
4 furnish such certified statement shall be guilty of a misdemeanor and  
5 shall, upon conviction thereof, be punished by a fine of not less than  
6 twenty-five dollars nor more than one hundred dollars. If the purchaser  
7 does not register such motorboat within thirty days of the purchase  
8 thereof, the tax imposed by this section shall immediately thereafter be  
9 paid by the purchaser to the county treasurer. If the tax is not paid on  
10 or before the thirtieth day after its purchase, the county treasurer  
11 shall also collect from the purchaser interest from the thirtieth day  
12 through the date of payment and sales tax penalties as provided in the  
13 Nebraska Revenue Act of 1967. The county treasurer shall report and remit  
14 the tax so collected to the Tax Commissioner by the fifteenth day of the  
15 following month. The county treasurer, for his or her collection fee,  
16 shall deduct and withhold for the use of the county general fund, from  
17 all amounts required to be collected under this subsection, the  
18 collection fee permitted to be deducted by any retailer collecting the  
19 sales tax. The collection fee shall be forfeited if the county treasurer  
20 violates any rule or regulation pertaining to the collection of the use  
21 tax.

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

24 (k)(i) The tax imposed by this section on the sale of an all-terrain  
25 vehicle as defined in section 60-103 or a utility-type vehicle as defined  
26 in section 60-135.01 shall be the liability of the purchaser. The tax  
27 shall be collected by the county treasurer or by an approved licensed  
28 dealer participating in the electronic dealer services system pursuant to  
29 section 60-1507 at the time the purchaser makes application for the  
30 certificate of title for the all-terrain vehicle or utility-type vehicle.  
31 At the time of the sale of an all-terrain vehicle or a utility-type

1 vehicle, the seller shall (A) state on the sales invoice the dollar  
2 amount of the tax imposed under this section and (B) furnish to the  
3 purchaser a certified statement of the transaction, in such form as the  
4 Tax Commissioner prescribes, setting forth as a minimum the total sales  
5 price, the allowance for any trade-in, and the difference between the  
6 two. The sales tax due shall be computed on the difference between the  
7 total sales price and the allowance for any trade-in as disclosed by such  
8 certified statement. Any seller who willfully understates the amount upon  
9 which the sales tax is due shall be subject to a penalty of one thousand  
10 dollars. A copy of such certified statement shall also be furnished to  
11 the Tax Commissioner. Any seller who fails or refuses to furnish such  
12 certified statement shall be guilty of a misdemeanor and shall, upon  
13 conviction thereof, be punished by a fine of not less than twenty-five  
14 dollars nor more than one hundred dollars. If the purchaser does not  
15 obtain a certificate of title for such all-terrain vehicle or utility-  
16 type vehicle within thirty days of the purchase thereof, the tax imposed  
17 by this section shall immediately thereafter be paid by the purchaser to  
18 the county treasurer. If the tax is not paid on or before the thirtieth  
19 day after its purchase, the county treasurer shall also collect from the  
20 purchaser interest from the thirtieth day through the date of payment and  
21 sales tax penalties as provided in the Nebraska Revenue Act of 1967. The  
22 county treasurer shall report and remit the tax so collected to the Tax  
23 Commissioner by the fifteenth day of the following month. The county  
24 treasurer, for his or her collection fee, shall deduct and withhold for  
25 the use of the county general fund, from all amounts required to be  
26 collected under this subsection, the collection fee permitted to be  
27 deducted by any retailer collecting the sales tax. The collection fee  
28 shall be forfeited if the county treasurer violates any rule or  
29 regulation pertaining to the collection of the use tax.

30 (ii) In the rental or lease of an all-terrain vehicle or a utility-  
31 type vehicle, the tax shall be collected by the lessor on the rental or

1 lease price.

2 (iii) County treasurers are appointed as sales and use tax  
3 collectors for all sales of all-terrain vehicles or utility-type vehicles  
4 made outside of this state to purchasers or users of all-terrain vehicles  
5 or utility-type vehicles which are required to have a certificate of  
6 title in this state. The county treasurer shall collect the applicable  
7 use tax from the purchaser of an all-terrain vehicle or a utility-type  
8 vehicle purchased outside of this state at the time application for a  
9 certificate of title is made. The full use tax on the purchase price  
10 shall be collected by the county treasurer if a sales or occupation tax  
11 was not paid by the purchaser in the state of purchase. If a sales or  
12 occupation tax was lawfully paid in the state of purchase at a rate less  
13 than the tax imposed in this state, use tax must be collected on the  
14 difference as a condition for obtaining a certificate of title in this  
15 state.

16 (1) The Tax Commissioner shall adopt and promulgate necessary rules  
17 and regulations for determining the amount subject to the taxes imposed  
18 by this section so as to insure that the full amount of any applicable  
19 tax is paid in cases in which a sale is made of which a part is subject  
20 to the taxes imposed by this section and a part of which is not so  
21 subject and a separate accounting is not practical or economical.

22 (2) A use tax is hereby imposed on the storage, use, or other  
23 consumption in this state of property purchased, leased, or rented from  
24 any retailer and on any transaction the gross receipts of which are  
25 subject to tax under subsection (1) of this section on or after June 1,  
26 1967, for storage, use, or other consumption in this state at the rate  
27 set as provided in subsection (1) of this section on the sales price of  
28 the property or, in the case of leases or rentals, of the lease or rental  
29 prices.

30 (a) Every person storing, using, or otherwise consuming in this  
31 state property purchased from a retailer or leased or rented from another

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

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

20 (c) The Tax Commissioner, in order to facilitate the proper  
21 administration of the use tax, may designate such person or persons as he  
22 or she may deem necessary to be use tax collectors and delegate to such  
23 persons such authority as is necessary to collect any use tax which is  
24 due and payable to the State of Nebraska. The Tax Commissioner may  
25 require of all persons so designated a surety bond in favor of the State  
26 of Nebraska to insure against any misappropriation of state funds so  
27 collected. The Tax Commissioner may require any tax official, city,  
28 county, or state, to collect the use tax on behalf of the state. All  
29 persons designated to or required to collect the use tax shall account  
30 for such collections in the manner prescribed by the Tax Commissioner.  
31 Nothing in this subdivision shall be so construed as to prevent the Tax

1 Commissioner or his or her employees from collecting any use taxes due  
2 and payable to the State of Nebraska.

3 (d) All persons designated to collect the use tax and all persons  
4 required to collect the use tax shall forward the total of such  
5 collections to the Tax Commissioner at such time and in such manner as  
6 the Tax Commissioner may prescribe. Such collectors of the use tax shall  
7 deduct and withhold from the amount of taxes collected three percent of  
8 the first five thousand dollars remitted each month as reimbursement for  
9 the cost of collecting the tax. Any such deduction shall be forfeited to  
10 the State of Nebraska if such collector violates any rule, regulation, or  
11 directive of the Tax Commissioner.

12 (e) For the purpose of the proper administration of the Nebraska  
13 Revenue Act of 1967 and to prevent evasion of the use tax, it shall be  
14 presumed that property sold, leased, or rented by any person for delivery  
15 in this state is sold, leased, or rented for storage, use, or other  
16 consumption in this state until the contrary is established. The burden  
17 of proving the contrary is upon the person who purchases, leases, or  
18 rents the property.

19 (f) For the purpose of the proper administration of the Nebraska  
20 Revenue Act of 1967 and to prevent evasion of the use tax, for the sale  
21 of property to an advertising agency which purchases the property as an  
22 agent for a disclosed or undisclosed principal, the advertising agency is  
23 and remains liable for the sales and use tax on the purchase the same as  
24 if the principal had made the purchase directly.

25 Sec. 48. Section 77-2704.10, Reissue Revised Statutes of Nebraska,  
26 is amended to read:

27 77-2704.10 Sales and use taxes shall not be imposed on the gross  
28 receipts from the sale, lease, or rental of and the storage, use, or  
29 other consumption in this state of:

30 (1) Prepared food and food and food ingredients served by public or  
31 private schools, school districts, student organizations, or parent-

1 teacher associations pursuant to an agreement with the proper school  
2 authorities, in an elementary or secondary school or at any institution  
3 of higher education, public or private, during the regular school day or  
4 at an approved function of any such school or institution. This exemption  
5 does not apply to sales by an institution of higher education at any  
6 facility or function which is open to the general public;

7 (2) Prepared food and food and food ingredients sold by a church at  
8 a function of such church;

9 (3) Prepared food and food and food ingredients served to patients  
10 and inmates of hospitals and other institutions licensed by the state for  
11 the care of human beings;

12 (4) Fees and admissions charged for political events by ballot  
13 question committees, candidate committees, independent committees, and  
14 political party committees as defined in the Nebraska Political  
15 Accountability and Disclosure Act;

16 (5) Prepared food and food and food ingredients sold to the elderly,  
17 handicapped, or recipients of Supplemental Security Income by an  
18 organization that actually accepts electronic benefits transfer under  
19 regulations issued by the United States Department of Agriculture  
20 although it is not necessary for the purchaser to use electronic benefits  
21 transfer to pay for the prepared food and food and food ingredients; and

22 (6) Fees and admissions charged by a public or private elementary or  
23 secondary school and fees and admissions charged by a school district,  
24 student organization, or parent-teacher association, pursuant to an  
25 agreement with the proper school authorities, in a public or private  
26 elementary or secondary school during the regular school day or at an  
27 approved function of any such school. ÷

28 ~~(7) Fees and admissions charged for participants in any activity~~  
29 ~~provided by a nonprofit organization that is exempt from income tax under~~  
30 ~~section 501(c)(3) of the Internal Revenue Code of 1986, as amended, which~~  
31 ~~organization conducts statewide sport events with multiple sports for~~



1 ~~both adults and youth; and~~

2 ~~(8) Fees and admissions charged for participants in any activity~~  
3 ~~provided by a nonprofit organization that is exempt from income tax under~~  
4 ~~section 501(c)(3) of the Internal Revenue Code of 1986, as amended, which~~  
5 ~~organization is affiliated with a national organization, primarily~~  
6 ~~dedicated to youth development and healthy living, and offers sports~~  
7 ~~instruction and sports leagues or sports events in multiple sports.~~

8 Sec. 49. Section 77-2704.24, Reissue Revised Statutes of Nebraska,  
9 is amended to read:

10 77-2704.24 (1) Sales and use taxes shall not be imposed on the gross  
11 receipts from the sale, lease, or rental of and the storage, use, or  
12 other consumption in this state of food or food ingredients except for  
13 prepared food and food sold through vending machines.

14 (2) For purposes of this section:

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

18 (b) Candy means a preparation of sugar, honey, or other natural or  
19 artificial sweeteners in combination with chocolate, fruits, nuts, or  
20 other ingredients or flavorings in the form of bars, drops, or pieces.  
21 Candy shall not include any preparation containing flour and shall  
22 require no refrigeration;

23 (c) (b) Dietary supplement means any product, other than tobacco,  
24 intended to supplement the diet that contains one or more of the  
25 following dietary ingredients: (i) A vitamin, (ii) a mineral, (iii) an  
26 herb or other botanical, (iv) an amino acid, (v) a dietary substance for  
27 use by humans to supplement the diet by increasing the total dietary  
28 intake, or (vi) a concentrate, metabolite, constituent, extract, or  
29 combination of any ingredients described in subdivisions (2)(c)(i) (2)(b)  
30 (i) through (v) of this section; that is intended for ingestion in  
31 tablet, capsule, powder, softgel, gelcap, or liquid form or, if not

1 intended for ingestion in such a form, is not presented as conventional  
2 food and is not represented for use as a sole item of a meal or of the  
3 diet; and that is required to be labeled as a dietary supplement,  
4 identifiable by the supplemental facts box found on the label and as  
5 required pursuant to 21 C.F.R. 101.36, as such regulation existed on  
6 January 1, 2003;

7 (d) ~~(e)~~ Food and food ingredients means substances, whether in  
8 liquid, concentrated, solid, frozen, dried, or dehydrated form, that are  
9 sold for ingestion or chewing by humans and are consumed for their taste  
10 or nutritional value. Food and food ingredients does not include  
11 alcoholic beverages, dietary supplements, ~~or~~ tobacco, candy, or soft  
12 drinks;

13 (e) ~~(d)~~ Food sold through vending machines means food that is  
14 dispensed from a machine or other mechanical device that accepts payment;

15 (f) ~~(e)~~ Prepared food means:

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

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

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

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

27 (C) Food sold by a seller whose proper primary North American  
28 Industry Classification System classification is manufacturing in sector  
29 311, except subsector 3118, bakeries;

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

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

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

6 (iii) Food provided by fraternities, sororities, cooperative student  
7 societies, and summer camps that charge a single amount to attend;

8 (g) Soft drinks means nonalcoholic beverages that contain natural or  
9 artificial sweeteners. Soft drinks do not include beverages that contain  
10 milk or milk products, soy, rice or similar milk substitutes, or greater  
11 than fifty percent of vegetable or fruit juice by volume; and

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

14 Sec. 50. Section 77-2704.27, Reissue Revised Statutes of Nebraska,  
15 is amended to read:

16 77-2704.27 Sales and use taxes shall not be imposed on the gross  
17 receipts from the sale, lease, or rental of, ~~the service to,~~ and the  
18 storage, use, or other consumption in this state of railroad rolling  
19 stock whether owned by a railroad or by any other person.

20 Sec. 51. Section 77-2704.50, Reissue Revised Statutes of Nebraska,  
21 is amended to read:

22 77-2704.50 Sales and use taxes shall not be imposed on the gross  
23 receipts from the sale, lease, or rental of and the storage, use, or  
24 other consumption in this state from the purchase in this state or the  
25 purchase outside this state, with title passing in this state, of  
26 materials and replacement parts ~~and any associated labor used as or used~~  
27 ~~directly~~ in the repair and maintenance or manufacture of railroad rolling  
28 stock, whether owned by a railroad or by any person, whether a common or  
29 contract carrier or otherwise, motor vehicles, watercraft, or aircraft  
30 engaged as common or contract carriers or the purchase in such manner of  
31 motor vehicles, watercraft, or aircraft to be used as common or contract

1 carriers. All purchasers seeking to take advantage of the exemption shall  
2 apply to the Tax Commissioner for a common or contract carrier exemption.  
3 All common or contract carrier exemption certificates shall expire on  
4 October 31, 2013, and on October 31 every five years thereafter. All  
5 persons seeking to continue to take advantage of the common or contract  
6 carrier exemption shall apply for a new certificate at the expiration of  
7 the prior certificate. The Tax Commissioner shall notify such exemption  
8 certificate holders at least sixty days prior to the expiration date of  
9 such certificate that the certificate will expire and be null and void as  
10 of such date.

11 Sec. 52. Section 77-2716, Revised Statutes Supplement, 2023, as  
12 amended by Laws 2024, LB937, section 75, Laws 2024, LB1023, section 10,  
13 Laws 2024, LB1317, section 85, and Laws 2024, LB1394, section 1, is  
14 amended to read:

15 77-2716 (1) The following adjustments to federal adjusted gross  
16 income or, for corporations and fiduciaries, federal taxable income shall  
17 be made for interest or dividends received:

18 (a)(i) There shall be subtracted interest or dividends received by  
19 the owner of obligations of the United States and its territories and  
20 possessions or of any authority, commission, or instrumentality of the  
21 United States to the extent includable in gross income for federal income  
22 tax purposes but exempt from state income taxes under the laws of the  
23 United States; and

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

28 (b) There shall be subtracted that portion of the total dividends  
29 and other income received from a regulated investment company which is  
30 attributable to obligations described in subdivision (a) of this  
31 subsection as reported to the recipient by the regulated investment

1 company;

2 (c) There shall be added interest or dividends received by the owner  
3 of obligations of the District of Columbia, other states of the United  
4 States, or their political subdivisions, authorities, commissions, or  
5 instrumentalities to the extent excluded in the computation of gross  
6 income for federal income tax purposes except that such interest or  
7 dividends shall not be added if received by a corporation which is a  
8 regulated investment company;

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

14 (e)(i) Any amount subtracted under this subsection shall be reduced  
15 by any interest on indebtedness incurred to carry the obligations or  
16 securities described in this subsection or the investment in the  
17 regulated investment company and by any expenses incurred in the  
18 production of interest or dividend income described in this subsection to  
19 the extent that such expenses, including amortizable bond premiums, are  
20 deductible in determining federal taxable income.

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

24 (2) There shall be allowed a net operating loss derived from or  
25 connected with Nebraska sources computed under rules and regulations  
26 adopted and promulgated by the Tax Commissioner consistent, to the extent  
27 possible under the Nebraska Revenue Act of 1967, with the laws of the  
28 United States. For a resident individual, estate, or trust, the net  
29 operating loss computed on the federal income tax return shall be  
30 adjusted by the modifications contained in this section. For a  
31 nonresident individual, estate, or trust or for a partial-year resident

1 individual, the net operating loss computed on the federal return shall  
2 be adjusted by the modifications contained in this section and any  
3 carryovers or carrybacks shall be limited to the portion of the loss  
4 derived from or connected with Nebraska sources.

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

11 (4) For taxable years beginning or deemed to begin before January 1,  
12 2024, under the Internal Revenue Code of 1986, as amended, federal  
13 ~~Federal~~ adjusted gross income, or, for a fiduciary, federal taxable  
14 income shall be modified to exclude the portion of the income or loss  
15 received from a small business corporation with an election in effect  
16 under subchapter S of the Internal Revenue Code or from a limited  
17 liability company organized pursuant to the Nebraska Uniform Limited  
18 Liability Company Act that is not derived from or connected with Nebraska  
19 sources as determined in section 77-2734.01.

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

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

31 (a) The amount of federal taxable income from operations within a

1 foreign taxing jurisdiction shall be reduced by the amount of taxes  
2 actually paid to the foreign jurisdiction that are not deductible solely  
3 because the foreign tax credit was elected on the federal income tax  
4 return;

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

7 (c) The result of the calculation in subdivision (b) of this  
8 subsection shall be subtracted from the amount of federal taxable income  
9 used in subdivision (a) of this subsection. The result of such  
10 calculation, if greater than zero, shall be subtracted from federal  
11 taxable income.

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

15 (8)(a) Federal adjusted gross income or, for corporations and  
16 fiduciaries, federal taxable income shall be reduced, to the extent  
17 included, by income from interest, earnings, and state contributions  
18 received from the Nebraska educational savings plan trust created in  
19 sections 85-1801 to 85-1817 and any account established under the  
20 achieving a better life experience program as provided in sections  
21 77-1401 to 77-1409.

22 (b) Federal adjusted gross income or, for corporations and  
23 fiduciaries, federal taxable income shall be reduced by any contributions  
24 as a participant in the Nebraska educational savings plan trust or  
25 contributions to an account established under the achieving a better life  
26 experience program made for the benefit of a beneficiary as provided in  
27 sections 77-1401 to 77-1409, to the extent not deducted for federal  
28 income tax purposes, but not to exceed five thousand dollars per married  
29 filing separate return or ten thousand dollars for any other return. With  
30 respect to a qualified rollover within the meaning of section 529 of the  
31 Internal Revenue Code from another state's plan, any interest, earnings,

1 and state contributions received from the other state's educational  
2 savings plan which is qualified under section 529 of the code shall  
3 qualify for the reduction provided in this subdivision. For contributions  
4 by a custodian of a custodial account including rollovers from another  
5 custodial account, the reduction shall only apply to funds added to the  
6 custodial account after January 1, 2014.

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

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

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

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

25 (9)(a) For income tax returns filed after September 10, 2001, for  
26 taxable years beginning or deemed to begin before January 1, 2006, under  
27 the Internal Revenue Code of 1986, as amended, federal adjusted gross  
28 income or, for corporations and fiduciaries, federal taxable income shall  
29 be increased by eighty-five percent of any amount of any federal bonus  
30 depreciation received under the federal Job Creation and Worker  
31 Assistance Act of 2002 or the federal Jobs and Growth Tax Act of 2003,



1 under section 168(k) or section 1400L of the Internal Revenue Code of  
2 1986, as amended, for assets placed in service after September 10, 2001,  
3 and before December 31, 2005.

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

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

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

30 (10) For taxable years beginning or deemed to begin on or after  
31 January 1, 2003, and before January 1, 2006, under the Internal Revenue

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

12 (11)(a) For taxable years beginning or deemed to begin before  
13 January 1, 2018, under the Internal Revenue Code of 1986, as amended,  
14 federal adjusted gross income shall be reduced by contributions, up to  
15 two thousand dollars per married filing jointly return or one thousand  
16 dollars for any other return, and any investment earnings made as a  
17 participant in the Nebraska long-term care savings plan under the Long-  
18 Term Care Savings Plan Act, to the extent not deducted for federal income  
19 tax purposes.

20 (b) For taxable years beginning or deemed to begin before January 1,  
21 2018, under the Internal Revenue Code of 1986, as amended, federal  
22 adjusted gross income shall be increased by the withdrawals made as a  
23 participant in the Nebraska long-term care savings plan under the act by  
24 a person who is not a qualified individual or for any reason other than  
25 transfer of funds to a spouse, long-term care expenses, long-term care  
26 insurance premiums, or death of the participant, including withdrawals  
27 made by reason of cancellation of the participation agreement, to the  
28 extent previously deducted as a contribution or as investment earnings.

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

1 77-3807 as allowed by subsection (5) of section 77-2715.07.

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

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

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

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

17 (c) For taxable years beginning or deemed to begin on or after  
18 January 1, 2021, and before January 1, 2024, under the Internal Revenue  
19 Code of 1986, as amended, a taxpayer may claim the reduction to federal  
20 adjusted gross income allowed under this subsection or the reduction to  
21 federal adjusted gross income allowed under subsection (14) of this  
22 section, whichever provides the greater reduction.

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

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

31 (ii) Forty percent for taxable years beginning or deemed to begin on

1 or after January 1, 2022, and before January 1, 2023, under the Internal  
2 Revenue Code of 1986, as amended;

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

6 (iv) One hundred percent for taxable years beginning or deemed to  
7 begin on or after January 1, 2024, under the Internal Revenue Code of  
8 1986, as amended.

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

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

17 (15)(a) For taxable years beginning or deemed to begin on or after  
18 January 1, 2015, and before January 1, 2022, under the Internal Revenue  
19 Code of 1986, as amended, an individual may make a one-time election  
20 within two calendar years after the date of his or her retirement from  
21 the military to exclude income received as a military retirement benefit  
22 by the individual to the extent included in federal adjusted gross income  
23 and as provided in this subdivision. The individual may elect to exclude  
24 forty percent of his or her military retirement benefit income for seven  
25 consecutive taxable years beginning with the year in which the election  
26 is made or may elect to exclude fifteen percent of his or her military  
27 retirement benefit income for all taxable years beginning with the year  
28 in which he or she turns sixty-seven years of age.

29 (b) For taxable years beginning or deemed to begin on or after  
30 January 1, 2022, under the Internal Revenue Code of 1986, as amended, an  
31 individual may exclude one hundred percent of the military retirement

1 benefit income received by such individual to the extent included in  
2 federal adjusted gross income.

3 (c) For purposes of this subsection, military retirement benefit  
4 means retirement benefits that are periodic payments attributable to  
5 service in the uniformed services of the United States for personal  
6 services performed by an individual prior to his or her retirement. The  
7 term includes retirement benefits described in this subdivision that are  
8 reported to the individual on either:

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

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

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

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

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

28 (19) For taxable years beginning or deemed to begin on or after  
29 January 1, 2023, under the Internal Revenue Code of 1986, as amended, a  
30 retired individual who was employed full time as a firefighter or  
31 certified law enforcement officer for at least twenty years and who is at

1 least sixty years of age as of the end of the taxable year may reduce his  
2 or her federal adjusted gross income by the amount of health insurance  
3 premiums paid by such individual during the taxable year, to the extent  
4 such premiums were not already deducted in determining the individual's  
5 federal adjusted gross income.

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

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

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

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

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

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

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

1 January 1, 2024, under the Internal Revenue Code of 1986, as amended,  
2 federal adjusted gross income or, for corporations and fiduciaries,  
3 federal taxable income shall be reduced by the amount of contributions  
4 made to the Medical Debt Relief Fund, to the extent not deducted for  
5 federal income tax purposes.

6 (23) For taxable years beginning or deemed to begin on or after  
7 January 1, 2025, under the Internal Revenue Code of 1986, as amended, an  
8 individual who is a qualifying employee as defined in section 2 of this  
9 act may reduce his or her federal adjusted gross income by the amount  
10 allowed under section 5 of this act.

11 (24) For taxable years beginning or deemed to begin on or after  
12 January 1, 2026, under the Internal Revenue Code of 1986, as amended,  
13 federal adjusted gross income or, for corporations and fiduciaries,  
14 federal taxable income shall be reduced by the amounts allowed to be  
15 deducted pursuant to section 11 of this act.

16 (25) There shall be added to federal adjusted gross income or, for  
17 corporations and fiduciaries, federal taxable income for all taxable  
18 years beginning on or after January 1, 2025, the amount of any net  
19 capital loss that is derived from the sale or exchange of gold or silver  
20 bullion to the extent such loss is included in federal adjusted gross  
21 income except that such loss shall not be added if the loss is derived  
22 from the sale of bullion as a taxable distribution from any retirement  
23 plan account that holds gold or silver bullion. ~~For the purposes of this~~  
24 ~~subsection, bullion has the same meaning as in section 77-2704.66.~~

25 (26) There shall be subtracted from federal adjusted gross income  
26 or, for corporations and fiduciaries, federal taxable income for all  
27 taxable years beginning on or after January 1, 2025, the amount of any  
28 net capital gain that is derived from the sale or exchange of gold or  
29 silver bullion to the extent such gain is included in federal adjusted  
30 gross income except that such gain shall not be subtracted if the gain is  
31 derived from the sale of bullion as a taxable distribution from any

1 retirement plan account that holds gold or silver bullion. ~~For the~~  
2 ~~purposes of this subsection, bullion has the same meaning as in section~~  
3 ~~77-2704.66.~~

4 Sec. 53. Section 77-2734.01, Revised Statutes Supplement, 2023, is  
5 amended to read:

6 77-2734.01 (1)(a) For taxable years beginning or deemed to begin  
7 before January 1, 2024, residents (1) Residents of Nebraska who are  
8 shareholders of a small business corporation having an election in effect  
9 under subchapter S of the Internal Revenue Code or who are members of a  
10 limited liability company organized pursuant to the Nebraska Uniform  
11 Limited Liability Company Act shall include in their Nebraska taxable  
12 income, to the extent includable in federal gross income, their  
13 proportionate share of such corporation's or limited liability company's  
14 federal income adjusted pursuant to this section. Income or loss from  
15 such corporation or limited liability company conducting a business,  
16 trade, profession, or occupation shall be included in the Nebraska  
17 taxable income of a shareholder or member who is a resident of this state  
18 to the extent of such shareholder's or member's proportionate share of  
19 the net income or loss from the conduct of such business, trade,  
20 profession, or occupation within this state, determined under subsection  
21 (2) of this section. A resident of Nebraska shall include in Nebraska  
22 taxable income fair compensation for services rendered to such  
23 corporation or limited liability company. Compensation actually paid  
24 shall be presumed to be fair unless it is apparent to the Tax  
25 Commissioner that such compensation is materially different from fair  
26 value for the services rendered or has been manipulated for tax avoidance  
27 purposes.

28 (b) For taxable years beginning or deemed to begin on or after  
29 January 1, 2024, residents of Nebraska who are shareholders of a small  
30 business corporation having an election in effect under subchapter S of  
31 the Internal Revenue Code or who are members of a limited liability



1 company organized pursuant to the Nebraska Uniform Limited Liability  
2 Company Act shall include in their Nebraska taxable income, to the extent  
3 includable in federal gross income, their proportionate share of such  
4 corporation's or limited liability company's federal income. A resident  
5 of Nebraska shall include in Nebraska taxable income fair compensation  
6 for services rendered to such corporation or limited liability company.  
7 Compensation actually paid shall be presumed to be fair unless it is  
8 apparent to the Tax Commissioner that such compensation is materially  
9 different from fair value for the services rendered or has been  
10 manipulated for tax avoidance purposes.

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

16 (a) If the small business corporation is a member of a unitary  
17 group, the small business corporation shall be deemed to be doing  
18 business within this state if any part of its income is derived from  
19 transactions with other members of the unitary group doing business  
20 within this state, and such corporation shall apportion its income by  
21 using the apportionment factor determined for the entire unitary group,  
22 including the small business corporation, under sections 77-2734.05 to  
23 77-2734.15;

24 (b) If the small business corporation or limited liability company  
25 is not a member of a unitary group and is subject to tax in another  
26 state, it shall apportion its income under sections 77-2734.05 to  
27 77-2734.15; and

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

31 (3) Nonresidents of Nebraska who are shareholders of such

1 corporations or members of such limited liability companies shall file a  
2 Nebraska income tax return and shall include in Nebraska adjusted gross  
3 income their proportionate share of the corporation's or limited  
4 liability company's Nebraska income as determined under subsection (2) of  
5 this section.

6 (4) The nonresident shareholder or member shall execute and forward  
7 to the corporation or limited liability company before the filing of the  
8 corporation's or limited liability company's return an agreement which  
9 states he or she will file a Nebraska income tax return and pay the tax  
10 on the income derived from or connected with sources in this state, and  
11 such agreement shall be attached to the corporation's or limited  
12 liability company's Nebraska return for such taxable year.

13 (5) For taxable years beginning or deemed to begin before January 1,  
14 2013, in the absence of the nonresident shareholder's or member's  
15 executed agreement being attached to the Nebraska return, the corporation  
16 or limited liability company shall remit with the return an amount equal  
17 to the highest individual income tax rate determined under section  
18 77-2715.02 multiplied by the nonresident shareholder's or member's share  
19 of the corporation's or limited liability company's income which was  
20 derived from or attributable to this state. For taxable years beginning  
21 or deemed to begin on or after January 1, 2013, in the absence of the  
22 nonresident shareholder's or member's executed agreement being attached  
23 to the Nebraska return, the corporation or limited liability company  
24 shall remit with the return an amount equal to the highest individual  
25 income tax rate determined under section 77-2715.03 multiplied by the  
26 nonresident shareholder's or member's share of the corporation's or  
27 limited liability company's income which was derived from or attributable  
28 to this state. The amount remitted shall be allowed as a credit against  
29 the Nebraska income tax liability of the shareholder or member.

30 (6) The Tax Commissioner may allow a nonresident individual  
31 shareholder or member to not file a Nebraska income tax return if the

1 nonresident individual shareholder's or member's only source of Nebraska  
2 income was his or her share of the small business corporation's or  
3 limited liability company's income which was derived from or attributable  
4 to sources within this state, the nonresident did not file an agreement  
5 to file a Nebraska income tax return, and the small business corporation  
6 or limited liability company has remitted the amount required by  
7 subsection (5) of this section on behalf of such nonresident individual  
8 shareholder or member. The amount remitted shall be retained in  
9 satisfaction of the Nebraska income tax liability of the nonresident  
10 individual shareholder or member.

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

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

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

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

1 January 1, 2024. Payments of estimated tax made by an eligible small  
2 business corporation that does not make an election under this subsection  
3 shall be treated as income tax withholding on behalf of the shareholders;

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

14 (e) A nonresident individual who is a shareholder of an electing  
15 small business corporation shall not be required to file a Nebraska tax  
16 return for a taxable year if, for such taxable year, the only source of  
17 income derived from or connected with sources within this state for such  
18 shareholder, or for the shareholder and the shareholder's spouse if a  
19 joint federal income tax return is filed, is from one or more electing  
20 small business corporations or electing partnerships as defined in  
21 subdivision (7)(a) of section 77-2727 for such taxable year and such  
22 nonresident individual shareholder's tax under the Nebraska Revenue Act  
23 of 1967 would be fully satisfied by the credit allowed to such  
24 shareholder under subdivision (g) of 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) A refundable credit shall be available to the shareholders in an  
29 amount equal to their pro rata or distributive share of the Nebraska  
30 income tax paid by the electing small business corporation; and

31 (h)(i) For tax years beginning or deemed to begin on or after

1 January 1, 2018, but prior to January 1, 2023, the electing small  
2 business corporation must make the election under this subsection on or  
3 after January 1, 2023, but before December 31, 2025, in the form and  
4 manner prescribed by the Tax Commissioner for all years for which the  
5 election under this subsection is made on behalf of the electing small  
6 business corporation. The Tax Commissioner shall establish the form and  
7 manner, which shall not include any changes to the past returns other  
8 than those that are directly related to the election under this  
9 subsection.

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

23 (iii) Notwithstanding the dates provided in subdivision (h)(i) of  
24 this subsection, the Tax Commissioner shall have one year from the date  
25 an electing small business corporation files in the form and manner as  
26 specified in subdivision (h)(i) of this subsection to review and make a  
27 written proposed deficiency determination in accordance with section  
28 77-2786. Any notice of deficiency determination made as specified in this  
29 subdivision may be enforced at any time within six years from the date of  
30 the notice of deficiency determination.

31 (9) For purposes of this section:

1 (a) Electing small business corporation means, with respect to a  
2 taxable period, an eligible small business corporation having an election  
3 in effect under subchapter S of the Internal Revenue Code that has made  
4 an election pursuant to subsection (8) of this section with respect to  
5 such taxable period; and

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

9 (10) For purposes of this section, any shareholder or member of the  
10 corporation or limited liability company that is a grantor trust of a  
11 nonresident shall be disregarded and this section shall apply as though  
12 the nonresident grantor was the shareholder or member.

13 Sec. 54. Section 77-27,132, Revised Statutes Supplement, 2023, as  
14 amended by Laws 2024, LB1108, section 3, is amended to read:

15 77-27,132 (1) There is hereby created a fund to be designated the  
16 Revenue Distribution Fund which shall be set apart and maintained by the  
17 Tax Commissioner. Revenue not required to be credited to the General Fund  
18 or any other specified fund may be credited to the Revenue Distribution  
19 Fund. Credits and refunds of such revenue shall be paid from the Revenue  
20 Distribution Fund. The balance of the amount credited, after credits and  
21 refunds, shall be allocated as provided by the statutes creating such  
22 revenue.

23 (2) The Tax Commissioner shall pay to a depository bank designated  
24 by the State Treasurer all amounts collected under the Nebraska Revenue  
25 Act of 1967. The Tax Commissioner shall present to the State Treasurer  
26 bank receipts showing amounts so deposited in the bank, and of the  
27 amounts so deposited the State Treasurer shall:

28 (a)(i) For transactions occurring on or after October 1, 2014, and  
29 before July 1, 2024, credit to the Game and Parks Commission Capital  
30 Maintenance Fund all of the proceeds of the sales and use taxes imposed  
31 pursuant to section 77-2703 on the sale or lease of motorboats as defined

1 in section 37-1204, personal watercraft as defined in section 37-1204.01,  
2 all-terrain vehicles as defined in section 60-103, and utility-type  
3 vehicles as defined in section 60-135.01; and

4 (ii) For transactions occurring on or after July 1, 2024, credit to  
5 the Game and Parks Commission Capital Maintenance Fund all of the  
6 proceeds of the sales and use taxes imposed pursuant to section 77-2703  
7 on the sale or lease of motorboats as defined in section 37-1204,  
8 personal watercraft as defined in section 37-1204.01, all-terrain  
9 vehicles as defined in section 60-103, and utility-type vehicles as  
10 defined in section 60-135.01, and from such proceeds, transfers shall be  
11 made to the Nebraska Emergency Medical System Operations Fund as provided  
12 in section 37-327.02;

13 (b) Credit to the Highway Trust Fund all of the proceeds of the  
14 sales and use taxes derived from the sale or lease for periods of more  
15 than thirty-one days of motor vehicles, trailers, and semitrailers,  
16 except that the proceeds equal to any sales tax rate provided for in  
17 section 77-2701.02 that is in excess of five percent derived from the  
18 sale or lease for periods of more than thirty-one days of motor vehicles,  
19 trailers, and semitrailers shall be credited to the Highway Allocation  
20 Fund;

21 (c) For transactions occurring on or after July 1, 2013, and before  
22 July 1, 2042, of the proceeds of the sales and use taxes derived from  
23 transactions other than those listed in subdivisions (2)(a), (b), and (e)  
24 of this section from a sales tax rate of one-quarter of one percent,  
25 credit monthly eighty-five percent to the Highway Trust Fund and fifteen  
26 percent to the Highway Allocation Fund;

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

31 (e) For transactions occurring on or after July 1, 2023, credit to

1 the Department of Transportation Aeronautics Capital Improvement Fund all  
2 of the proceeds of the sales and use taxes imposed pursuant to section  
3 77-2703 on the sale or lease of aircraft as defined in section 3-101;  
4 and -

5 (f) Credit to the Education Future Fund an amount equal to the sum  
6 of (i) the increase in sales and use tax revenue received as a result of  
7 the changes made by this legislative bill and (ii) the increase in income  
8 tax revenue received as a result of the changes made in section  
9 77-2734.01 and subsection (4) of section 77-2716 by this legislative  
10 bill. The amount to be credited under this subdivision shall be  
11 determined annually by the Tax Commissioner.

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

14 Sec. 55. Section 77-27,142, Reissue Revised Statutes of Nebraska, is  
15 amended to read:

16 77-27,142 (1) Any incorporated municipality other than a city of the  
17 metropolitan class by ordinance of its governing body is hereby  
18 authorized to impose a sales and use tax of one-half percent, one  
19 percent, one and one-half percent, one and three-quarters percent, or two  
20 percent upon the same transactions that are sourced under the provisions  
21 of sections 77-2703.01 to 77-2703.04 within such incorporated  
22 municipality on which the State of Nebraska is authorized to impose a tax  
23 pursuant to the Nebraska Revenue Act of 1967, as amended from time to  
24 time. Any city of the metropolitan class by ordinance of its governing  
25 body is hereby authorized to impose a sales and use tax of one-half  
26 percent, one percent, or one and one-half percent upon the same  
27 transactions that are sourced under the provisions of sections 77-2703.01  
28 to 77-2703.04 within such city of the metropolitan class on which the  
29 State of Nebraska is authorized to impose a tax pursuant to the Nebraska  
30 Revenue Act of 1967, as amended from time to time. No sales and use tax  
31 shall be imposed pursuant to this section until an election has been held



1 and a majority of the qualified electors have approved such tax pursuant  
2 to sections 77-27,142.01 and 77-27,142.02.

3 (2)(a) Any incorporated municipality that proposes to impose a  
4 municipal sales and use tax at a rate greater than one and one-half  
5 percent or increase a municipal sales and use tax to a rate greater than  
6 one and one-half percent shall submit the question of such tax or  
7 increase at a primary or general election held within the incorporated  
8 municipality. The question shall be submitted upon an affirmative vote by  
9 at least seventy percent of all of the members of the governing body of  
10 the incorporated municipality.

11 (b) Any rate greater than one and one-half percent shall be used as  
12 follows:

13 (i) In a city of the primary class, up to fifteen percent of the  
14 proceeds from the rate in excess of one and one-half percent may be used  
15 for non-public infrastructure projects of an interlocal agreement or  
16 joint public agency agreement with another political subdivision within  
17 the municipality or the county in which the municipality is located, and  
18 the remaining proceeds shall be used for public infrastructure projects  
19 or voter-approved infrastructure related to an economic development  
20 program as defined in section 18-2705; and

21 (ii) In any incorporated municipality other than a city of the  
22 primary class, the proceeds from the rate in excess of one and one-half  
23 percent shall be used for public infrastructure projects or voter-  
24 approved infrastructure related to an economic development program as  
25 defined in section 18-2705.

26 For purposes of this section, public infrastructure project means  
27 and includes, but is not limited to, any of the following projects, or  
28 any combination thereof: Public highways and bridges and municipal roads,  
29 streets, bridges, and sidewalks; solid waste management facilities;  
30 wastewater, storm water, and water treatment works and systems, water  
31 distribution facilities, and water resources projects, including, but not

1 limited to, pumping stations, transmission lines, and mains and their  
2 appurtenances; hazardous waste disposal systems; resource recovery  
3 systems; airports; port facilities; buildings and capital equipment used  
4 in the operation of municipal government; convention and tourism  
5 facilities; redevelopment projects as defined in section 18-2103; mass  
6 transit and other transportation systems, including parking facilities;  
7 and equipment necessary for the provision of municipal services.

8 (c) Any rate greater than one and one-half percent shall terminate  
9 no more than ten years after its effective date or, if bonds are issued  
10 and the local option sales and use tax revenue is pledged for payment of  
11 such bonds, upon payment of such bonds and any refunding bonds, whichever  
12 date is later, except as provided in subdivision (2)(d) of this section.

13 (d) If a portion of the rate greater than one and one-half percent  
14 is stated in the ballot question as being imposed for the purpose of the  
15 interlocal agreement or joint public agency agreement described in  
16 subdivision (2)(b)(i) or subsection (3) of this section, and such portion  
17 is at least one-eighth percent, there shall be no termination date for  
18 the rate representing such portion rounded to the next higher one-quarter  
19 or one-half percent.

20 (e) For fiscal years beginning prior to July 1, 2025, sections  
21 ~~Sections~~ 13-518 to 13-522 apply to the revenue from any such tax or  
22 increase.

23 (3)(a) No municipal sales and use tax shall be imposed at a rate  
24 greater than one and one-half percent or increased to a rate greater than  
25 one and one-half percent unless the municipality is a party to an  
26 interlocal agreement pursuant to the Interlocal Cooperation Act or a  
27 joint public agency agreement pursuant to the Joint Public Agency Act  
28 with a political subdivision within the municipality or the county in  
29 which the municipality is located creating a separate legal or  
30 administrative entity relating to a public infrastructure project.

31 (b) Except as provided in subdivision (2)(b)(i) of this section,

1 such interlocal agreement or joint public agency agreement shall contain  
2 provisions, including benchmarks, relating to the long-term development  
3 of unified governance of public infrastructure projects with respect to  
4 the parties. The Legislature may provide additional requirements for such  
5 agreements, including benchmarks, but such additional requirements shall  
6 not apply to any debt outstanding at the time the Legislature enacts such  
7 additional requirements. The separate legal or administrative entity  
8 created shall not be one that was in existence for one calendar year  
9 preceding the submission of the question of such tax or increase at a  
10 primary or general election held within the incorporated municipality.

11 (c) Any other public agency as defined in section 13-803 may be a  
12 party to such interlocal cooperation agreement or joint public agency  
13 agreement.

14 (d) A municipality is not required to use all of the additional  
15 revenue generated by a sales and use tax imposed at a rate greater than  
16 one and one-half percent or increased to a rate greater than one and one-  
17 half percent under this subsection for the purposes of the interlocal  
18 cooperation agreement or joint public agency agreement set forth in this  
19 subsection.

20 (4) The provisions of subsections (2) and (3) of this section do not  
21 apply to the first one and one-half percent of a sales and use tax  
22 imposed by a municipality.

23 (5) Notwithstanding any provision of any municipal charter, any  
24 incorporated municipality or interlocal agency or joint public agency  
25 pursuant to an agreement as provided in subsection (3) of this section  
26 may issue bonds in one or more series for any municipal purpose and pay  
27 the principal of and interest on any such bonds by pledging receipts from  
28 the increase in the municipal sales and use taxes authorized by such  
29 municipality. Any municipality which has or may issue bonds under this  
30 section may dedicate a portion of its property tax levy authority as  
31 provided in section 77-3442 to meet debt service obligations under the

1 bonds. For purposes of this subsection, bond means any evidence of  
2 indebtedness, including, but not limited to, bonds, notes including notes  
3 issued pending long-term financing arrangements, warrants, debentures,  
4 obligations under a loan agreement or a lease-purchase agreement, or any  
5 similar instrument or obligation.

6 Sec. 56. Section 77-27,144, Revised Statutes Cumulative Supplement,  
7 2022, is amended to read:

8 77-27,144 (1) The Tax Commissioner shall collect the tax imposed by  
9 any incorporated municipality concurrently with collection of a state tax  
10 in the same manner as the state tax is collected. The Tax Commissioner  
11 shall remit monthly the proceeds of the tax to the incorporated  
12 municipalities levying the tax, after deducting the amount of refunds  
13 made and three percent of the remainder to be credited to the Municipal  
14 Equalization Fund.

15 (2)(a) Deductions for a refund made pursuant to section 77-4105,  
16 77-4106, 77-5725, or 77-5726 and owed by a city of the first class, city  
17 of the second class, or village shall be delayed for one year after the  
18 refund has been made to the taxpayer. The Department of Revenue shall  
19 notify the municipality liable for a refund exceeding one thousand five  
20 hundred dollars of the pending refund, the amount of the refund, and the  
21 month in which the deduction will be made or begin, except that if the  
22 amount of a refund claimed under section 77-4105, 77-4106, 77-5725, or  
23 77-5726 exceeds twenty-five percent of the municipality's total sales and  
24 use tax receipts, net of any refunds or sales tax collection fees, for  
25 the municipality's prior fiscal year, the department shall deduct the  
26 refund over the period of one year in equal monthly amounts beginning  
27 after the one-year notification period required by this subdivision.

28 (b) Deductions for a refund made pursuant to section 77-4105,  
29 77-4106, 77-5725, or 77-5726 and owed by a city of the metropolitan class  
30 or city of the primary class shall be made as follows:

31 (i) During calendar year 2023, such deductions shall be made in

1 accordance with subsection (1) of this section; and

2 (ii) During calendar year 2024 and each calendar year thereafter,  
3 such deductions shall be made based on estimated amounts as described in  
4 this subdivision. On or before March 1, 2023, and on or before March 1 of  
5 each year thereafter, the Department of Revenue shall notify each city of  
6 the metropolitan class and city of the primary class of the total amount  
7 of such refunds that are estimated to be paid during the following  
8 calendar year. Such estimated amount shall be used to establish the total  
9 amount to be deducted in the following calendar year. The department  
10 shall deduct such amount over the following calendar year in twelve equal  
11 monthly amounts. Beginning with the notification sent in calendar year  
12 2025, the notification shall include any adjustment needed for the prior  
13 calendar year to account for any difference between the estimated amount  
14 deducted in such prior calendar year and the actual amount of refunds  
15 paid in such year.

16 (3) Deductions for a refund made pursuant to the Imagine Nebraska  
17 Act shall be delayed as provided in this subsection after the refund has  
18 been made to the taxpayer. The Department of Revenue shall notify each  
19 municipality liable for a refund exceeding one thousand five hundred  
20 dollars of the pending refund and the amount of the refund claimed under  
21 the Imagine Nebraska Act. The notification shall be made by March 1 of  
22 each year beginning in 2021 and shall be used to establish the refund  
23 amount for the following calendar year. The notification shall include  
24 any excess or underpayment from the prior calendar year. The department  
25 shall deduct the refund over a period of one year in equal monthly  
26 amounts beginning in January following the notification. This subsection  
27 applies to total annual refunds exceeding one million dollars or twenty-  
28 five percent of the municipality's total sales and use tax receipts for  
29 the prior fiscal year, whichever is the lesser amount.

30 (4) Deductions for a refund made pursuant to the Urban Redevelopment  
31 Act shall be delayed as provided in this subsection after the refund has

1 been made to the taxpayer. The Department of Revenue shall notify each  
2 municipality liable for a refund exceeding one thousand five hundred  
3 dollars of the pending refund and the amount of the refund claimed under  
4 the Urban Redevelopment Act. The notification shall be made by March 1 of  
5 each year beginning in 2022 and shall be used to establish the refund  
6 amount for the following calendar year. The notification shall include  
7 any excess or underpayment from the prior calendar year. The department  
8 shall deduct the refund over a period of one year in equal monthly  
9 amounts beginning in January following the notification. This subsection  
10 applies to total annual refunds exceeding one million dollars or twenty-  
11 five percent of the municipality's total sales and use tax receipts for  
12 the prior fiscal year, whichever is the lesser amount.

13 (5) The Tax Commissioner shall keep full and accurate records of all  
14 money received and distributed under the provisions of the Local Option  
15 Revenue Act. When proceeds of a tax levy are received but the identity of  
16 the incorporated municipality which levied the tax is unknown and is not  
17 identified within six months after receipt, the amount shall be credited  
18 to the Municipal Equalization Fund. The municipality may request the  
19 names and addresses of the retailers which have collected the tax as  
20 provided in subsection (13) of section 77-2711 and may certify an  
21 individual to request and review confidential sales and use tax returns  
22 and sales and use tax return information as provided in subsection (14)  
23 of section 77-2711.

24 (6)(a) Every qualifying business that has filed an application to  
25 receive tax incentives under the Employment and Investment Growth Act,  
26 the Nebraska Advantage Act, the Imagine Nebraska Act, or the Urban  
27 Redevelopment Act shall, with respect to such acts, provide annually to  
28 each municipality, in aggregate data, the maximum amount the qualifying  
29 business is eligible to receive in the current year in refunds of local  
30 sales and use taxes of the municipality and exemptions for the previous  
31 year, and the estimate of annual refunds of local sales and use taxes of

1 the municipality and exemptions such business intends to claim in each  
2 future year. Such information shall be kept confidential by the  
3 municipality unless publicly disclosed previously by the taxpayer or by  
4 the State of Nebraska.

5 (b) For purposes of this subsection, municipality means a  
6 municipality that has adopted the local option sales and use tax under  
7 the Local Option Revenue Act and to which the qualifying business has  
8 paid such sales and use tax.

9 (c) The qualifying business shall provide the information to the  
10 municipality on or before June 30 of each year.

11 (d) Any amounts held by a municipality to make sales and use tax  
12 refunds under the Employment and Investment Growth Act, the Nebraska  
13 Advantage Act, the Imagine Nebraska Act, and the Urban Redevelopment Act  
14 shall not count toward any budgeted restricted funds limitation as  
15 provided in section 13-519 or toward any cash reserve limitation as  
16 provided in section 13-504 and shall be excluded from the limitations of  
17 the Property Tax Growth Limitation Act.

18 Sec. 57. Section 77-27,148, Reissue Revised Statutes of Nebraska, is  
19 amended to read:

20 77-27,148 Sections 77-27,142 to 77-27,148 and section 58 of this act  
21 may be cited as the Local Option Revenue Act.

22 Sec. 58. Notwithstanding any other provision of the Local Option  
23 Revenue Act to the contrary, any product or service listed in subsection  
24 (4) or (5) of section 77-2701.02 shall be exempt from any sales and use  
25 tax imposed pursuant to the Local Option Revenue Act.

26 Sec. 59. Section 77-27,235, Reissue Revised Statutes of Nebraska, is  
27 amended to read:

28 77-27,235 (1) Any producer of electricity generated by a new  
29 renewable electric generation facility shall earn a renewable energy tax  
30 credit. For electricity generated on or after July 14, 2006, and before  
31 October 1, 2007, the credit shall be .075 cent for each kilowatt-hour of

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

13 (2) For purposes of this section:

14 (a) Electricity generated by a new renewable electric generation  
15 facility means electricity that is exclusively produced by a new  
16 renewable electric generation facility;

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

19 (c) New renewable electric generation facility means an electrical  
20 generating facility located in this state that is first placed into  
21 service on or after July 14, 2006, which utilizes eligible renewable  
22 resources as its fuel source.

23 (3) The credit allowed under this section may be used to reduce the  
24 producer's Nebraska income tax liability or to obtain a refund of state  
25 sales and use taxes paid by the producer of electricity generated by a  
26 new renewable electric generation facility. A claim to use the credit for  
27 refund of the state sales and use taxes paid, either directly or  
28 indirectly, by the producer may be filed quarterly for electricity  
29 generated during the previous quarter by the twentieth day of the month  
30 following the end of the calendar quarter. The credit may be used to  
31 obtain a refund of state sales and use taxes paid during the quarter



1 immediately preceding the quarter in which the claim for refund is made,  
2 except that the amount refunded under this subsection shall not exceed  
3 the amount of the state sales and use taxes paid during the quarter.

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

7 (5) The total amount of renewable energy tax credits that may be  
8 used by all taxpayers shall be limited to fifty thousand dollars without  
9 further authorization from the Legislature.

10 ~~(6) The credit allowed under this section may not be claimed by a~~  
11 ~~producer who received a sales tax exemption under section 77-2704.57 for~~  
12 ~~the new renewable electric generation facility.~~

13 ~~(6) (7) Interest shall not be allowed on any refund paid under this~~  
14 ~~section.~~

15 Sec. 60. Section 77-3005, Reissue Revised Statutes of Nebraska, as  
16 amended by Laws 2024, LB685, section 11, is amended to read:

17 77-3005 (1) The occupation tax levied and imposed by the Mechanical  
18 Amusement Device Tax Act shall be in addition to any and all taxes or  
19 fees, of any form whatsoever, now imposed by the State of Nebraska upon  
20 the business of operating or distributing mechanical amusement devices,  
21 ~~except that payment of the tax and license fees due and owing on or~~  
22 ~~before the licensing date of each year shall exempt any such mechanical~~  
23 ~~amusement device from the application of the sales tax which would or~~  
24 ~~could otherwise be imposed under the Nebraska Revenue Act of 1967.~~  
25 ~~Nonpayment of the taxes or fees due and owing on or before the licensing~~  
26 ~~date of each year shall render the exemption provided by this section~~  
27 ~~inapplicable, and the particular mechanical amusement devices shall then~~  
28 ~~be subject to all the provisions of the Nebraska Revenue Act of 1967,~~  
29 ~~including the penalty provisions pertaining to the distributor or~~  
30 ~~operator of such mechanical amusement devices.~~

31 (2) No political subdivision of the State of Nebraska shall levy or

1 impose any tax on mechanical amusement devices in addition to the taxes  
2 imposed by the Mechanical Amusement Device Tax Act.

3 Sec. 61. Section 77-4008, Revised Statutes Supplement, 2023, is  
4 amended to read:

5 77-4008 (1)(a) A tax is hereby imposed upon the first owner of  
6 tobacco products to be sold in this state.

7 (b) The tax on snuff shall be forty-four cents per ounce and a  
8 proportionate tax at the like rate on all fractional parts of an ounce.  
9 Such tax shall be computed based on the net weight as listed by the  
10 manufacturer.

11 ~~(c) The tax on an electronic nicotine delivery system containing~~  
12 ~~three milliliters or less of consumable material shall be five cents per~~  
13 ~~milliliter of consumable material and a proportionate tax at the like~~  
14 ~~rate on all fractional parts of a milliliter.~~

15 (c) ~~(d)~~ The tax on an electronic nicotine delivery system ~~containing~~  
16 ~~more than three milliliters of consumable material~~ shall be thirty ten  
17 percent of (i) the purchase price of such electronic nicotine delivery  
18 system paid by the first owner or (ii) the price at which the first owner  
19 who made, manufactured, or fabricated the electronic nicotine delivery  
20 system sells the item to others.

21 (d) ~~(e)~~ For electronic nicotine delivery systems in the possession  
22 of retail dealers for which tax has not been paid, the tax under this  
23 subsection shall be imposed at the earliest time the retail dealer: (i)  
24 Brings or causes to be brought into the state any electronic nicotine  
25 delivery system for sale; (ii) makes, manufactures, or fabricates any  
26 electronic nicotine delivery system in this state for sale in this state;  
27 or (iii) sells any electronic nicotine delivery system to consumers  
28 within this state.

29 (e) ~~(f)~~ The tax on tobacco products other than snuff and electronic  
30 nicotine delivery systems shall be twenty percent of (i) the purchase  
31 price of such tobacco products paid by the first owner or (ii) the price

1 at which a first owner who made, manufactured, or fabricated the tobacco  
2 product sells the items to others.

3 (f) ~~(g)~~ The tax on tobacco products shall be in addition to all  
4 other taxes.

5 (2) Whenever any person who is licensed under section 77-4009  
6 purchases tobacco products from another person licensed under section  
7 77-4009, the seller shall be liable for the payment of the tax.

8 (3) Amounts collected pursuant to this section shall be used and  
9 distributed pursuant to section 77-4025.

10 Sec. 62. Section 77-4025, Revised Statutes Supplement, 2023, as  
11 amended by Laws 2024, LB1204, section 36, is amended to read:

12 77-4025 (1) There is hereby created a cash fund in the Department of  
13 Revenue to be known as the Tobacco Products Administration Cash Fund. All  
14 revenue collected or received by the Tax Commissioner from the license  
15 fees, certification fees, and taxes imposed by the Tobacco Products Tax  
16 Act shall be remitted to the State Treasurer for credit to the Tobacco  
17 Products Administration Cash Fund, except that all such revenue relating  
18 to electronic nicotine delivery systems shall be remitted to the State  
19 Treasurer for credit as follows:

20 (a) Two-thirds of the tax revenue relating to electronic nicotine  
21 delivery systems shall be credited to the Education Future Fund; and

22 (b) All other revenue relating to electronic nicotine delivery  
23 systems shall be credited to the General Fund.

24 (2) All costs required for administration of the Tobacco Products  
25 Tax Act shall be paid from the Tobacco Products Administration Cash Fund.  
26 Credits and refunds allowed under the act shall be paid from the Tobacco  
27 Products Administration Cash Fund. Any receipts, after credits and  
28 refunds, in excess of the amounts sufficient to cover the costs of  
29 administration may be transferred to the General Fund at the direction of  
30 the Legislature.

31 (3) Any money in the Tobacco Products Administration Cash Fund

1 available for investment shall be invested by the state investment  
2 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska  
3 State Funds Investment Act.

4 Sec. 63. Section 77-4212, Revised Statutes Supplement, 2023, as  
5 amended by Laws 2024, LB126, section 11, is amended to read:

6 77-4212 (1) For tax year 2007, the amount of relief granted under  
7 the Property Tax Credit Act shall be one hundred five million dollars.  
8 For tax year 2008, the amount of relief granted under the act shall be  
9 one hundred fifteen million dollars. It is the intent of the Legislature  
10 to fund the Property Tax Credit Act for tax years after tax year 2008  
11 using available revenue. For tax year 2017, the amount of relief granted  
12 under the act shall be two hundred twenty-four million dollars. For tax  
13 year 2020 through tax year 2022, the minimum amount of relief granted  
14 under the act shall be two hundred seventy-five million dollars. For tax  
15 year 2023, the minimum amount of relief granted under the act shall be  
16 three hundred sixty million dollars. For tax year 2024, the minimum  
17 amount of relief granted under the act shall be three hundred ninety-five  
18 million dollars. For tax year 2025, the minimum amount of relief granted  
19 under the act shall be one hundred ninety-five ~~four hundred thirty~~  
20 million dollars. For tax year 2026, the minimum amount of relief granted  
21 under the act shall be one hundred eighty ~~four hundred forty-five~~ million  
22 dollars. For tax year 2027, the minimum amount of relief granted under  
23 the act shall be one hundred seventy ~~four hundred sixty~~ million dollars.  
24 For tax year 2028, the minimum amount of relief granted under the act  
25 shall be one hundred eighty-five ~~four hundred seventy-five~~ million  
26 dollars. For tax year 2029, the minimum amount of relief granted under  
27 the act shall be the minimum amount from the prior tax year plus a  
28 percentage increase equal to the percentage increase, if any, in the  
29 total assessed value of all real property in the state from the prior  
30 year to the current year, as determined by the Department of Revenue,  
31 plus an additional seventy-five million dollars. For tax year 2030 and

1 each tax year thereafter, the minimum amount of relief granted under the  
2 act shall be the minimum amount from the prior tax year plus a percentage  
3 increase equal to the percentage increase, if any, in the total assessed  
4 value of all real property in the state from the prior year to the  
5 current year, as determined by the Department of Revenue. If money is  
6 transferred or credited to the Property Tax Credit Cash Fund pursuant to  
7 any other state law, such amount shall be added to the minimum amount  
8 required under this subsection when determining the total amount of  
9 relief granted under the act. The relief shall be in the form of a  
10 property tax credit which appears on the property tax statement.

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

17 (b) Beginning with tax year 2017, to determine the amount of the  
18 property tax credit, the county treasurer shall multiply the amount  
19 disbursed to the county under subdivision (4)(b) of this section by the  
20 ratio of the credit allocation valuation of the parcel to the total  
21 credit allocation valuation in the county. The amount determined shall be  
22 the property tax credit for the property.

23 (3) If the real property owner qualifies for a homestead exemption  
24 under sections 77-3501 to 77-3529 and section 3 of this act, the owner  
25 shall also be qualified for the relief provided in the act to the extent  
26 of any remaining liability after calculation of the relief provided by  
27 the homestead exemption. If the credit results in a property tax  
28 liability on the homestead that is less than zero, the amount of the  
29 credit which cannot be used by the taxpayer shall be returned to the  
30 Property Tax Administrator by July 1 of the year the amount disbursed to  
31 the county was disbursed. The Property Tax Administrator shall

1 immediately credit any funds returned under this subsection to the  
2 Property Tax Credit Cash Fund. Upon the return of any funds under this  
3 subsection, the county treasurer shall electronically file a report with  
4 the Property Tax Administrator, on a form prescribed by the Tax  
5 Commissioner, indicating the amount of funds distributed to each taxing  
6 unit in the county in the year the funds were returned, any collection  
7 fee retained by the county in such year, and the amount of unused credits  
8 returned.

9 (4)(a) For tax years prior to tax year 2017, the amount disbursed to  
10 each county shall be equal to the amount available for disbursement  
11 determined under subsection (1) of this section multiplied by the ratio  
12 of the real property valuation in the county to the real property  
13 valuation in the state. By September 15, the Property Tax Administrator  
14 shall determine the amount to be disbursed under this subdivision to each  
15 county and certify such amounts to the State Treasurer and to each  
16 county. The disbursements to the counties shall occur in two equal  
17 payments, the first on or before January 31 and the second on or before  
18 April 1. After retaining one percent of the receipts for costs, the  
19 county treasurer shall allocate the remaining receipts to each taxing  
20 unit levying taxes on taxable property in the tax district in which the  
21 real property is located in the same proportion that the levy of such  
22 taxing unit bears to the total levy on taxable property of all the taxing  
23 units in the tax district in which the real property is located.

24 (b) Beginning with tax year 2017, the amount disbursed to each  
25 county shall be equal to the amount available for disbursement determined  
26 under subsection (1) of this section multiplied by the ratio of the  
27 credit allocation valuation in the county to the credit allocation  
28 valuation in the state. By September 15, the Property Tax Administrator  
29 shall determine the amount to be disbursed under this subdivision to each  
30 county and certify such amounts to the State Treasurer and to each  
31 county. The disbursements to the counties shall occur in two equal

1 payments, the first on or before January 31 and the second on or before  
2 April 1. After retaining one percent of the receipts for costs, the  
3 county treasurer shall allocate the remaining receipts to each taxing  
4 unit, excluding school districts, based on its share of the credits  
5 granted to all taxpayers in the taxing unit.

6 (5) For purposes of this section, credit allocation valuation means  
7 the taxable value for all real property except agricultural land and  
8 horticultural land, one hundred twenty percent of taxable value for  
9 agricultural land and horticultural land that is not subject to special  
10 valuation, and one hundred twenty percent of taxable value for  
11 agricultural land and horticultural land that is subject to special  
12 valuation.

13 (6) The State Treasurer shall transfer from the General Fund to the  
14 Property Tax Credit Cash Fund one hundred five million dollars by August  
15 1, 2007, and one hundred fifteen million dollars by August 1, 2008.

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

18 Sec. 64. Section 77-4405, Revised Statutes Supplement, 2023, as  
19 amended by Laws 2024, LB1317, section 90, and Laws 2024, LB1344, section  
20 14, is amended to read:

21 77-4405 (1) If the department finds that creation of the good life  
22 district would not exceed the limits prescribed in subsection (4) of  
23 section 77-4404 and the project described in the application meets the  
24 eligibility requirements of this section, the application shall be  
25 approved.

26 (2) A project is eligible if:

27 (a) The applicant demonstrates that the total new development costs  
28 of the project will exceed:

29 (i) One billion dollars if the project will be located in a city of  
30 the metropolitan class;

31 (ii) Seven hundred fifty million dollars if the project will be

1 located in a city of the primary class;

2 (iii) Five hundred million dollars if the project will be located in  
3 a city of the first class, city of the second class, or village within a  
4 county with a population of one hundred thousand inhabitants or more; or

5 (iv) One hundred million dollars if the project will be located in a  
6 city of the first class, city of the second class, village, or sanitary  
7 and improvement district within a county with a population of less than  
8 one hundred thousand inhabitants;

9 (b) The applicant demonstrates that the project will directly or  
10 indirectly result in the creation of:

11 (i) One thousand new jobs if the project will be located in a city  
12 of the metropolitan class;

13 (ii) Five hundred new jobs if the project will be located in a city  
14 of the primary class;

15 (iii) Two hundred fifty new jobs if the project will be located in a  
16 city of the first class, city of the second class, or village within a  
17 county with a population of one hundred thousand inhabitants or more; or

18 (iv) Fifty new jobs if the project will be located in a city of the  
19 first class, city of the second class, village, or sanitary and  
20 improvement district within a county with a population of less than one  
21 hundred thousand inhabitants; and

22 (c)(i) For a project that will be located in a county with a  
23 population of one hundred thousand inhabitants or more, the applicant  
24 demonstrates that, upon completion of the project, at least twenty  
25 percent of sales at the project will be made to persons residing outside  
26 the State of Nebraska or the project will generate a minimum of six  
27 hundred thousand visitors per year who reside outside the State of  
28 Nebraska and the project will attract new-to-market retail to the state  
29 and will generate a minimum of three million visitors per year. Students  
30 from another state who attend a Nebraska public or private university  
31 shall not be counted as out-of-state residents for purposes of this



1 subdivision; or

2 (ii) For a project that will be located in a county with a  
3 population of less than one hundred thousand inhabitants, the applicant  
4 demonstrates that, upon completion of the project, at least twenty  
5 percent of sales at the project will be made to persons residing outside  
6 the State of Nebraska. Students from another state who attend a Nebraska  
7 public or private university shall not be counted as out-of-state  
8 residents for purposes of this subdivision.

9 (3) The applicant must certify that any anticipated diversion of  
10 state sales tax revenue will be offset or exceeded by sales tax paid on  
11 anticipated development costs, including construction to real property,  
12 during the same period.

13 (4) A project is not eligible if:

14 (a) The project includes a licensed racetrack enclosure or an  
15 authorized gaming operator as such terms are defined in section 9-1103,  
16 except that this subdivision shall not apply to infrastructure or  
17 facilities that are (i) publicly owned or (ii) used by or at the  
18 direction of the Nebraska State Fair Board, so long as no gaming devices  
19 or games of chance are expected to be operated by an authorized gaming  
20 operator within any such facilities;

21 (b) The project received funds pursuant to the Shovel-Ready Capital  
22 Recovery and Investment Act or the Economic Recovery Act, except that  
23 this subdivision shall not apply to any project located in a qualified  
24 inland port district; or

25 (c) The project includes any portion of a public or private  
26 university.

27 (5) Approval of an application under this section shall establish  
28 the good life district as that area depicted in the map accompanying the  
29 application as submitted pursuant to subdivision (1)(b) of section  
30 77-4404. Such district shall last for thirty years and shall not exceed  
31 two thousand acres in size if in a city of the metropolitan class, three

1 thousand acres in size if in any other class of city or village, or, for  
2 any good life district created within a qualified inland port district,  
3 the size of the qualified inland port district.

4 ~~(6)(a) Prior to July 1, 2024, any transactions occurring within a~~  
5 ~~good life district shall be subject to a reduced state sales tax rate as~~  
6 ~~provided in subdivision (5) of section 77-2701.02.~~

7 ~~(6) Any (b) On and after July 1, 2024, any transactions occurring~~  
8 ~~within a good life district shall be subject to a reduced state sales tax~~  
9 ~~rate as provided in subdivision (6) of section 77-2701.02.~~

10 (7) After establishment of a good life district pursuant to this  
11 section, a good life district applicant may adjust the boundaries of the  
12 district by filing an amended map with the department and updates or  
13 supplements to the application materials originally submitted by the good  
14 life district applicant to demonstrate the eligibility criteria in  
15 subsection (2) of this section will be met after the boundaries are  
16 adjusted. The department shall approve the new boundaries on the  
17 following conditions:

18 (a) The department determines that the eligibility criteria in  
19 subsection (2) of this section will continue to be met after the proposed  
20 boundary adjustment based on the materials submitted by the good life  
21 district applicant; and

22 (b) For any area being removed from the district:

23 (i) The department shall solicit and receive from the city or  
24 village in which all or a portion of the good life district is located  
25 confirmation that no area being removed is attributable to local sources  
26 of revenue which have been pledged for payment of bonds issued pursuant  
27 to the Good Life District Economic Development Act. Confirmation may  
28 include resolutions, meeting minutes, or other official measures adopted  
29 or taken by the city council or village board of trustees; and

30 (ii) Either the department has received written consent from the  
31 owners of real estate proposed to be removed from the good life district,

1 or a hearing is held by the department in the manner described in this  
2 subdivision and the department finds that the removal of the affected  
3 property is in the best interests of the state and that the removal is  
4 consistent with the goals and purposes of the approved application for  
5 the good life district. In determining whether removal of the affected  
6 property is consistent with the goals and purposes of the approved  
7 application for the good life district, the department may consider any  
8 formal action taken by the city council or village board of trustees.  
9 Proof of such formal action may include resolutions, meeting minutes, or  
10 other official measures adopted or taken. Such hearing must be held at  
11 least ninety days after delivering written notice via certified mail to  
12 the owners of record for the affected real estate proposed to be removed  
13 from the good life district. The hearing must be open to the public and  
14 for the stated purpose of hearing testimony regarding the proposed  
15 removal of property from the good life district. Attendees must be given  
16 the opportunity to speak and submit documentary evidence at, prior to, or  
17 contemporaneously with such hearing for the department to consider in  
18 making its findings.

19 (8) After establishment of a good life district pursuant to this  
20 section, but within twelve months after the approval of the original  
21 application or after any modification is made to the boundaries of a good  
22 life district pursuant to this section, a city or village in which any  
23 part of the applicable good life district is located may file a  
24 supplemental request to the department to increase the size of the good  
25 life district by up to one thousand acres. Such supplemental request  
26 shall be accompanied by such materials and certifications necessary to  
27 demonstrate that such increase would not negatively impact the criteria  
28 that were necessary for the original establishment of such good life  
29 district.

30 (9) After establishment of a good life district pursuant to this  
31 section and after any modification is made to the boundaries of a good

1 life district pursuant to this section, the department shall transmit to  
2 any city or village which includes such good life district within its  
3 boundaries or within its extraterritorial zoning jurisdiction (a) all  
4 information held by the department related to the application and  
5 approval of the application, (b) all documentation which describes the  
6 property included within the good life district, and (c) all  
7 documentation transmitted to the applicant for such good life district  
8 with approval of the application and establishment of the good life  
9 district. Such city or village shall be subject to the same  
10 confidentiality restrictions as provided in subsection (3) of section  
11 77-4404, except that all such documents, plans, and specifications  
12 included in the application which the city or village determine define or  
13 describe the project may be provided upon written request of any person  
14 who owns property in the applicable good life district.

15 (10) After establishment of a good life district that exceeds one  
16 thousand acres in size, the good life district applicant may apply to the  
17 department to establish development and design standards for the good  
18 life district. Such standards may include, but are not limited to,  
19 standards for architectural design, landscape design, construction  
20 materials, and sustainability, but may not require property owners to  
21 utilize specific contractors, professionals, suppliers, or service  
22 providers. The department may approve the standards after holding a  
23 hearing after one hundred eighty days' notice to all property owners in  
24 the district if the department finds that the standards will ensure a  
25 comprehensive and cohesive character and aesthetic for development in the  
26 good life district, and that the standards will further the purposes of  
27 the Good Life Transformational Projects Act. The development and design  
28 standards must be commercially reasonable and consistent with terminology  
29 and accepted practices in the architecture industry, must not conflict  
30 with any building code or other similar law or regulation, and must not  
31 impose an undue burden on property owners in the district. If approved,

1 the standards shall apply to all new construction inside of the good life  
2 district. Notwithstanding the foregoing, any such standards established  
3 by the department shall be in addition and supplemental to any local  
4 zoning, building code, comprehensive plan, or similar requirements of the  
5 city or village, which requirements of the city or village shall control  
6 to the extent of any conflict with any design standards established by  
7 the department.

8 (11) Demonstration of meeting the required new development costs for  
9 purposes of subdivision (2)(a) of this section may be established by  
10 evidence submitted by the good life district applicant, the city or  
11 village where the good life district is located, or any other person  
12 which submits satisfactory evidence to the department.

13 Sec. 65. Section 77-5209.02, Reissue Revised Statutes of Nebraska,  
14 is amended to read:

15 77-5209.02 (1) Agricultural and horticultural machinery and  
16 equipment of a qualified beginning farmer or livestock producer utilized  
17 in the beginning farmer's or livestock producer's operation may be exempt  
18 from tangible personal property tax to the extent provided in this  
19 section.

20 (2) A qualified beginning farmer or livestock producer seeking an  
21 exemption of taxable agricultural and horticultural machinery and  
22 equipment from tangible personal property tax under this section shall  
23 apply for an exemption to the county assessor on or before December 31 of  
24 the year preceding the year for which the exemption is to begin.  
25 Application shall be on forms prescribed by the Tax Commissioner. For the  
26 initial year of application, an applicant shall provide the original  
27 documentation of certification provided by the board pursuant to section  
28 77-5208 with the application. Failure to provide the required  
29 documentation shall result in a denial of the exemption for the following  
30 year but shall be considered as an application for the year thereafter.

31 (3) The county assessor shall approve or deny the application for

1 exemption. On or before February 1, the county assessor shall issue  
2 notice of approval or denial to the applicant. If the application is  
3 approved, the county assessor shall exempt no more than one hundred  
4 thousand dollars of taxable value of agricultural or horticultural  
5 machinery and equipment for each year ~~in addition to, and applied after,~~  
6 ~~any amount exempted under subsection (1) of section 77-1238.~~ If the  
7 application is denied by the county assessor, a written protest of the  
8 denial of the application may be filed within thirty days after the  
9 mailing of the denial to the county board of equalization.

10 (4) All provisions of section 77-1502 except dates for filing of a  
11 protest, the period for hearing protests, and the date for mailing notice  
12 of the county board of equalization's decision are applicable to any  
13 protest filed pursuant to this section. The county board of equalization  
14 shall decide any protest filed pursuant to this section within thirty  
15 days after the filing of the protest. The county clerk shall mail a copy  
16 of any decision made by the county board of equalization on a protest  
17 filed pursuant to this section to the applicant within seven days after  
18 the board's decision. Any decision of the county board of equalization  
19 may be appealed to the Tax Equalization and Review Commission, in  
20 accordance with section 77-5013, within thirty days after the date of the  
21 decision. Any applicant may petition the Tax Equalization and Review  
22 Commission in accordance with section 77-5013, on or before December 31  
23 of each year, to determine whether the agricultural and horticultural  
24 machinery and equipment will receive the exemption for that year if a  
25 failure to give notice as prescribed by this section prevented timely  
26 filing of a protest or appeal provided for in this section.

27 (5) A properly granted exemption for taxable agricultural and  
28 horticultural machinery and equipment under this section shall continue  
29 for a period of three years if each year a Nebraska personal property tax  
30 return and supporting schedules and depreciation worksheet, showing a  
31 list and value of all taxable tangible personal property, are provided

1 and filed by the beginning farmer or livestock producer with the county  
2 assessor when due. The value of taxable agricultural and horticultural  
3 machinery and equipment exempted pursuant to this section in any year  
4 shall not exceed one hundred thousand dollars. The exemption allowed  
5 under this section shall continue irrespective of whether the person  
6 claiming the exemption no longer meets the qualification of a beginning  
7 farmer or livestock producer pursuant to section 77-5209 during the  
8 exemption period unless the beginning farmer or livestock producer  
9 discontinues farming or livestock production.

10 (6) Any person whose agricultural and horticultural machinery and  
11 equipment has been exempted from tangible personal property tax pursuant  
12 to this section shall be permanently disqualified from any further  
13 exemption of agricultural and horticultural machinery and equipment from  
14 tangible personal property tax as a qualified beginning farmer or  
15 livestock producer except as allowed in ~~subsection (1)~~ of section  
16 77-1238.

17 (7) The exemption provided in this section shall apply to tax years  
18 prior to tax year 2025.

19 Sec. 66. Section 77-6702, Revised Statutes Supplement, 2023, is  
20 amended to read:

21 77-6702 For purposes of the Nebraska Property Tax Incentive Act:

22 ~~(1) Allowable growth percentage means the percentage increase, if~~  
23 ~~any, in the total assessed value of all real property in the state from~~  
24 ~~the prior year to the current year, as determined by the department;~~

25 ~~(1) (2) Community college taxes means property taxes levied on real~~  
26 ~~property in this state by a community college area, excluding the~~  
27 ~~following:~~

28 (a) Any property taxes levied for bonded indebtedness;

29 (b) Any property taxes levied as a result of an override of limits  
30 on property tax levies approved by voters pursuant to section 77-3444;

31 and

1 (c) Any property taxes that, as of the time of payment, were  
2 delinquent for five years or more;

3 (2) ~~(3)~~ Department means the Department of Revenue;

4 (3) ~~(4)~~ Eligible taxpayer means any individual, corporation,  
5 partnership, limited liability company, trust, estate, or other entity  
6 that pays school district taxes or community college taxes during a  
7 taxable year; and

8 (4) ~~(5)~~ School district taxes means property taxes levied on real  
9 property in this state by a school district or multiple-district school  
10 system, excluding the following:

11 (a) Any property taxes levied for bonded indebtedness;

12 (b) Any property taxes levied as a result of an override of limits  
13 on property tax levies approved by voters pursuant to section 77-3444;  
14 and

15 (c) Any property taxes that, as of the time of payment, were  
16 delinquent for five years or more.

17 Sec. 67. Section 77-6703, Revised Statutes Supplement, 2023, is  
18 amended to read:

19 77-6703 (1) For taxable years beginning or deemed to begin on or  
20 after January 1, 2020, and before January 1, 2024, under the Internal  
21 Revenue Code of 1986, as amended, there shall be allowed to each eligible  
22 taxpayer a refundable credit against the income tax imposed by the  
23 Nebraska Revenue Act of 1967 or against the franchise tax imposed by  
24 sections 77-3801 to 77-3807. The credit shall be equal to the credit  
25 percentage for the taxable year, as set by the department under  
26 subsection (2) of this section, multiplied by the amount of school  
27 district taxes paid by the eligible taxpayer during such taxable year.

28 (2)(a) For taxable years beginning or deemed to begin during  
29 calendar year 2020, the department shall set the credit percentage so  
30 that the total amount of credits for such taxable years shall be one  
31 hundred twenty-five million dollars;



1 (b) For taxable years beginning or deemed to begin during calendar  
2 year 2021, the department shall set the credit percentage so that the  
3 total amount of credits for such taxable years shall be one hundred  
4 twenty-five million dollars plus either (i) the amount calculated for  
5 such calendar year under subdivision (3)(b)(ii)(B) of section 77-4602 or  
6 (ii) the amount calculated for such calendar year under subdivision (3)  
7 (c)(ii)(B) of section 77-4602, whichever is applicable;

8 (c) For taxable years beginning or deemed to begin during calendar  
9 year 2022, the department shall set the credit percentage so that the  
10 total amount of credits for such taxable years shall be five hundred  
11 forty-eight million dollars; and

12 (d) For taxable years beginning or deemed to begin during calendar  
13 year 2023, the department shall set the credit percentage so that the  
14 total amount of credits for such taxable years shall be five hundred  
15 sixty million seven hundred thousand dollars. ÷

16 ~~(e) For taxable years beginning or deemed to begin during calendar~~  
17 ~~year 2024 through calendar year 2028, the department shall set the credit~~  
18 ~~percentage so that the total amount of credits for such taxable years~~  
19 ~~shall be the maximum amount of credits allowed in the prior year~~  
20 ~~increased by the allowable growth percentage;~~

21 ~~(f) For taxable years beginning or deemed to begin during calendar~~  
22 ~~year 2029, the department shall set the credit percentage so that the~~  
23 ~~total amount of credits for such taxable years shall be the maximum~~  
24 ~~amount of credits allowed in the prior year increased by the allowable~~  
25 ~~growth percentage plus an additional seventy-five million dollars; and~~

26 ~~(g) For taxable years beginning or deemed to begin during calendar~~  
27 ~~year 2030 and each calendar year thereafter, the department shall set the~~  
28 ~~credit percentage so that the total amount of credits for such taxable~~  
29 ~~years shall be the maximum amount of credits allowed in the prior year~~  
30 ~~increased by the allowable growth percentage.~~

31 (3) If the school district taxes are paid by a corporation having an

1 election in effect under subchapter S of the Internal Revenue Code, a  
2 partnership, a limited liability company, a trust, or an estate, the  
3 amount of school district taxes paid during the taxable year may be  
4 allocated to the shareholders, partners, members, or beneficiaries in the  
5 same proportion that income is distributed for taxable years beginning or  
6 deemed to begin before January 1, 2021, under the Internal Revenue Code  
7 of 1986, as amended. The department shall provide forms and schedules  
8 necessary for verifying eligibility for the credit provided in this  
9 section and for allocating the school district taxes paid. For taxable  
10 years beginning or deemed to begin on or after January 1, 2021, and  
11 before January 1, 2024, under the Internal Revenue Code of 1986, as  
12 amended, the refundable credit shall be claimed by the corporation having  
13 an election in effect under subchapter S of the Internal Revenue Code,  
14 the partnership, the limited liability company, the trust, or the estate  
15 that paid the school district taxes.

16 (4) For any fiscal year or short year taxpayer, the credit may be  
17 claimed in the first taxable year that begins following the calendar year  
18 for which the credit percentage was determined. The credit shall be taken  
19 for the school district taxes paid by the taxpayer during the immediately  
20 preceding calendar year.

21 (5) For the first taxable year beginning or deemed to begin on or  
22 after January 1, 2021, and before January 1, 2022, under the Internal  
23 Revenue Code of 1986, as amended, for a corporation having an election in  
24 effect under subchapter S of the Internal Revenue Code, a partnership, a  
25 limited liability company, a trust, or an estate that paid school  
26 district taxes in calendar year 2020 but did not claim the credit  
27 directly or allocate such school district taxes to the shareholders,  
28 partners, members, or beneficiaries as permitted under subsection (3) of  
29 this section, there shall be allowed an additional refundable credit.  
30 This credit shall be equal to six percent, multiplied by the amount of  
31 school district taxes paid during 2020 by the eligible taxpayer.

1           Sec. 68. Section 79-1002, Reissue Revised Statutes of Nebraska, is  
2 amended to read:

3           79-1002 It is the intent of the Legislature to:

4           (1) Reevaluate how the State of Nebraska funds its two hundred  
5 forty-four public school districts;

6           (2) Establish a new funding formula under the Tax Equity and  
7 Educational Opportunities Support Act by no later than school fiscal year  
8 2026-27;

9           (3) Change the funding formula in a way that will dramatically  
10 increase the level of funding provided by the state, thus providing a  
11 significant decrease in property taxes;

12           (4) Change the funding formula in a way that will replace school  
13 general fund levies by no later than school fiscal year 2026-27;

14           (5) Change the funding formula in a way that will retain the ability  
15 of school districts to levy property taxes for approved bonds, special  
16 building funds, and the purposes described in sections 79-10,110 and  
17 79-10,110.02; and

18           (6) Change the funding formula in a way that will allow school  
19 districts to levy property taxes if the state does not fully replace  
20 their general fund levies as described in subdivision (4) of this  
21 section.

22           ~~It is the intent, purpose, and goal of the Legislature to create a~~  
23 ~~system of financing the public school system which will:~~

24           ~~(1) Provide state support from all sources of state funding~~  
25 ~~sufficient to support the statewide aggregate general fund operating~~  
26 ~~expenditures for Nebraska elementary and secondary public education that~~  
27 ~~cannot be met by local resources;~~

28           ~~(2) Reduce the reliance on the property tax for the support of the~~  
29 ~~public school system;~~

30           ~~(3) Broaden financial support for the public school system by~~  
31 ~~dedicating a portion of the revenue received from the state income tax~~

1 ~~for support of the system;~~

2 ~~(4) Keep pace with the increasing cost of operating the public~~  
3 ~~school system;~~

4 ~~(5) Assure a foundation support level for the operation of the~~  
5 ~~public school system, taking local resources into consideration;~~

6 ~~(6) Recognize a portion of the costs of programs to address the~~  
7 ~~unique educational needs of students who are in poverty or who have~~  
8 ~~limited English proficiency as being specific to the local system~~  
9 ~~providing such programs;~~

10 ~~(7) Create a process to collect information regarding the programs~~  
11 ~~and the cost of the programs provided to address the unique educational~~  
12 ~~needs of students who are in poverty or who have limited English~~  
13 ~~proficiency in order to analyze which programs may be appropriate to~~  
14 ~~receive state support and to analyze the poverty and limited English~~  
15 ~~proficiency allowances;~~

16 ~~(8) Assure a greater level of equity of educational opportunities~~  
17 ~~for all public school students;~~

18 ~~(9) Assure a greater level of equity in property tax rates for the~~  
19 ~~support of the public school system; and~~

20 ~~(10) Assure measured growth in the state aid appropriation through~~  
21 ~~the continuation of limits on the growth of general fund budgets of~~  
22 ~~districts.~~

23 Sec. 69. Section 79-1021, Revised Statutes Supplement, 2023, as  
24 amended by Laws 2024, LB1284, section 12, is amended to read:

25 79-1021 (1) The Education Future Fund is created. The fund shall be  
26 administered by the department and shall consist of money transferred to  
27 the fund by the Legislature and any other money designated for credit to  
28 the fund. Transfers may be made from the Education Future Fund to the  
29 Computer Science and Technology Education Fund at the direction of the  
30 Legislature. Any money in the Education Future Fund available for  
31 investment shall be invested by the state investment officer pursuant to

1 the Nebraska Capital Expansion Act and the Nebraska State Funds  
2 Investment Act.

3 (2) The fund shall be used only for the following purposes, in order  
4 of priority:

5 (a) To fully fund equalization aid under the Tax Equity and  
6 Educational Opportunities Support Act;

7 (b) To fund reimbursements related to special education under  
8 section 79-1142;

9 (c) To fund foundation aid under the Tax Equity and Educational  
10 Opportunities Support Act;

11 (d) To provide property tax relief under the School District  
12 Property Tax Relief Act ~~increase funding for school districts in a way~~  
13 ~~that results in direct property tax relief, which means a dollar-for-~~  
14 ~~dollar replacement of property taxes by a state funding source;~~

15 (e) To provide funding for a grant program created by the  
16 Legislature to address teacher turnover rates and keep existing teachers  
17 in classrooms;

18 (f) To provide funding to increase career and technical educational  
19 classroom opportunities for students, including, but not limited to,  
20 computer science education. Such funding must provide students with the  
21 academic and technical skills, knowledge, and training necessary to  
22 succeed in future careers;

23 (g) To provide funding for a grant program created by the  
24 Legislature to provide students the opportunity to have a mentor who will  
25 continuously engage with the student directly to aid in the student's  
26 professional growth and give ongoing support and encouragement to the  
27 student;

28 (h) To provide funding for extraordinary increases in special  
29 education expenditures to allow school districts with large, unexpected  
30 special education expenditures to more easily meet the needs of all  
31 students;

1 (i) To provide funding to help recruit teachers throughout the state  
2 by utilizing apprenticeships through a teacher apprenticeship program and  
3 an alternative certification process;

4 (j) To provide funding to develop and implement a professional  
5 learning system to help provide sustained professional learning and  
6 training regarding evidence-based reading instruction and for a grant  
7 program relating to dyslexia research; and

8 (k) To provide funding for a pilot project administered by the State  
9 Department of Education to provide menstrual products to school  
10 districts.

11 (3)(a) The State Treasurer shall transfer one billion dollars from  
12 the General Fund to the Education Future Fund in fiscal year 2023-24, on  
13 such dates and in such amounts as directed by the budget administrator of  
14 the budget division of the Department of Administrative Services.

15 (b) The State Treasurer shall transfer one billion two hundred  
16 eighty-five ~~two hundred fifty~~ million dollars from the General Fund to  
17 the Education Future Fund in fiscal year 2024-25, on such dates and in  
18 such amounts as directed by the budget administrator of the budget  
19 division of the Department of Administrative Services.

20 (c) The State Treasurer shall transfer one billion three hundred  
21 sixty million dollars from the General Fund to the Education Future Fund  
22 in fiscal year 2025-26, on such dates and in such amounts as directed by  
23 the budget administrator of the budget division of the Department of  
24 Administrative Services.

25 (d) ~~(e)~~ It is the intent of the Legislature that one billion six  
26 hundred three ~~two hundred fifty~~ million dollars be transferred from the  
27 General Fund to the Education Future Fund in fiscal year 2026-27 ~~2025-26~~  
28 and each fiscal year thereafter.

29 Sec. 70. Section 81-12,193, Revised Statutes Cumulative Supplement,  
30 2022, is amended to read:

31 81-12,193 (1) The Nebraska Transformational Project Fund is hereby

1 created. The fund shall receive money from application fees paid under  
2 the Nebraska Transformational Projects Act and from appropriations from  
3 the Legislature, grants, private contributions, repayments of matching  
4 funds, and all other sources. Any money in the fund available for  
5 investment shall be invested by the state investment officer pursuant to  
6 the Nebraska Capital Expansion Act and the Nebraska State Funds  
7 Investment Act.

8 (2) It is the intent of the Legislature that the State Treasurer  
9 shall transfer an amount not to exceed three hundred million dollars to  
10 the Nebraska Transformational Project Fund. Such transfers shall only  
11 occur after the applicant has been selected for participation in the  
12 program described in Title VII, Subtitle C, section 740 of Public Law  
13 116-92 and commitments totaling one billion three hundred million dollars  
14 in total investment, including only federal dollars and private  
15 donations, have been secured. In no case shall any transfer occur before  
16 fiscal year 2025-26 ~~or before the total amount of refundable credits~~  
17 ~~granted annually under the Nebraska Property Tax Incentive Act reaches~~  
18 ~~three hundred seventy-five million dollars.~~ Distributions shall only be  
19 made from the fund in amounts equal to the amount of private dollars  
20 received by the applicant for the project.

21 (3) Any money remaining in the fund after all obligations have been  
22 met shall be transferred to the General Fund.

23 Sec. 71. Laws 2024, LB685, section 17, is amended to read:

24 Sec. 17. (1) Except as otherwise provided in subsection (5) of this  
25 section, a tax is hereby imposed and levied, in the amount and in  
26 accordance with this section, upon the net operating revenue of all cash  
27 devices operating within the State of Nebraska for profit or gain either  
28 directly or indirectly received. The tax shall be paid in the amount and  
29 manner specified in this section.

30 (2) Except as otherwise provided in subsection (5) of this section,  
31 beginning on and after July 1, 2025, any distributor of a cash device,

1 and any operator of a cash device if the operator is not subject to a  
2 revenue-sharing or other agreement with a distributor who is paying the  
3 tax, shall pay a tax for each cash device in operation each calendar  
4 quarter during the taxable year. The tax shall be collected by the  
5 department and due and payable on January 1, April 1, July 1, and October  
6 1 of each year on each cash device in operation during the preceding  
7 calendar quarter. For each cash device put into operation on a date  
8 subsequent to a quarterly due date that has not been included in  
9 computing the tax imposed and levied by the Mechanical Amusement Device  
10 Tax Act, the tax shall be due and payable on the immediately succeeding  
11 quarterly due date.

12 (3) The amount of the tax imposed and levied under this section  
13 shall be twenty five percent of the net operating revenue for each cash  
14 device. The quarterly tax shall be submitted on a form prescribed by the  
15 Tax Commissioner documenting the total gross and net operating revenue  
16 for that quarter.

17 (4) The Tax Commissioner shall remit the taxes collected pursuant to  
18 this section to the State Treasurer. The State Treasurer shall credit  
19 seventy-five percent of such taxes to the Education Future Fund and shall  
20 credit the remaining twenty-five percent for credit as follows:

21 (a) Twenty percent of such remainder to the Charitable Gaming  
22 Operations Fund for enforcement of the act and maintenance of the central  
23 server;

24 (b) Two and one-half percent of such remainder to the Compulsive  
25 Gamblers Assistance Fund;

26 (c) Two and one-half percent of such remainder to the General Fund;

27 (d) Ten percent of such remainder to the Nebraska Tourism Commission  
28 Promotional Cash Fund;

29 (e) Forty percent of such remainder to the Property Tax Credit Cash  
30 Fund; and

31 (f) Twenty-five ~~The remaining twenty-five percent~~ of such remainder



1 to the county treasurer of the county in which the cash device is located  
2 to be distributed as follows: (i) If the cash device is located  
3 completely within an unincorporated area of a county, the ~~remaining~~  
4 twenty-five percent shall be distributed to the county in which the cash  
5 device is located, or (ii) if the cash device is located within the  
6 limits of a city or village in such county, one-half of the ~~remaining~~  
7 twenty-five percent shall be distributed to such county and one-half of  
8 the ~~remaining~~ twenty-five percent shall be distributed to the city or  
9 village in which such cash device is located.

10 (5) This section does not apply to cash devices operated by a  
11 fraternal benefit society organized and licensed under sections 44-1072  
12 to 44-10,109 or a recognized veterans organization as defined in section  
13 80-401.01.

14 Sec. 72. Laws 2024, LB1204, section 17, is amended to read:

15 Sec. 17. (1) A person holding a license under sections 28-1420 to  
16 28-1429 shall ensure that any e-liquid container for an electronic  
17 nicotine delivery system sold by such person:

18 (a) Meets any applicable packaging standards imposed by the federal  
19 Child Nicotine Poisoning Prevention Act of 2015, 15 U.S.C. 1472a; and

20 (b) Has a label that meets the nicotine addictiveness warning  
21 statement requirements set forth in 21 C.F.R. 1143.3.

22 (2) For purposes of this section: ~~e-liquid~~

23 (a) Consumable material means any liquid solution or other material  
24 containing nicotine that is depleted as an electronic nicotine delivery  
25 system is used; and

26 (b) E-liquid container means a container holding any consumable  
27 material as defined in section 77-4003.01.

28 Sec. 73. This act becomes operative on October 1, 2024.

29 Sec. 74. If any section in this act or any part of any section is  
30 declared invalid or unconstitutional, the declaration shall not affect  
31 the validity or constitutionality of the remaining portions.

1           Sec. 75. Original sections 2-2701, 9-648, 13-508, 13-518, 13-2817,  
2 29-3933, 53-160, 72-2305, 72-2306, 77-2701.11, 77-2701.35, 77-2704.10,  
3 77-2704.24, 77-2704.27, 77-2704.50, 77-27,142, 77-27,148, 77-27,235,  
4 77-5209.02, and 79-1002, Reissue Revised Statutes of Nebraska; sections  
5 77-382, 77-693, 77-801, 77-1238, 77-1239, 77-1248, 77-1776, 77-2602,  
6 77-2701.16, 77-2703, 77-27,144, and 81-12,193, Revised Statutes  
7 Cumulative Supplement, 2022; sections 77-1632, 77-1633, 77-1701,  
8 77-2734.01, 77-4008, 77-6702, and 77-6703, Revised Statutes Supplement,  
9 2023; section 77-3005, Reissue Revised Statutes of Nebraska, as amended  
10 by Laws 2024, LB685, section 11; section 77-202, Revised Statutes  
11 Cumulative Supplement, 2022, as amended by Laws 2024, LB874, section 10,  
12 and Laws 2024, LB1317, section 73; section 9-1,101, Revised Statutes  
13 Supplement, 2023, as amended by Laws 2024, LB685, section 1; section  
14 77-2701, Revised Statutes Supplement, 2023, as amended by Laws 2024,  
15 LB937, section 67, Laws 2024, LB1023, section 8, and Laws 2024, LB1317,  
16 section 80; section 77-2701.02, Revised Statutes Supplement, 2023, as  
17 amended by Laws 2024, LB1317, section 81; section 77-2701.04, Revised  
18 Statutes Supplement, 2023, as amended by Laws 2024, LB937, section 68,  
19 and Laws 2024, LB1317, section 82; section 77-2716, Revised Statutes  
20 Supplement, 2023, as amended by Laws 2024, LB937, section 75, Laws 2024,  
21 LB1023, section 10, Laws 2024, LB1317, section 85, and Laws 2024, LB1394,  
22 section 1; section 77-27,132, Revised Statutes Supplement, 2023, as  
23 amended by Laws 2024, LB1108, section 3; section 77-4025, Revised  
24 Statutes Supplement, 2023, as amended by Laws 2024, LB1204, section 36;  
25 section 77-4212, Revised Statutes Supplement, 2023, as amended by Laws  
26 2024, LB126, section 11; section 77-4405, Revised Statutes Supplement,  
27 2023, as amended by Laws 2024, LB1317, section 90, and Laws 2024, LB1344,  
28 section 14; section 79-1021, Revised Statutes Supplement, 2023, as  
29 amended by Laws 2024, LB1284, section 12; Laws 2024, LB685, section 17;  
30 and Laws 2024, LB1204, section 17, are repealed.

31           Sec. 76. The following sections are outright repealed: Sections

1 77-2701.49, 77-2701.50, 77-2701.51, 77-2701.52, 77-2701.53, 77-2704.22,  
2 77-2704.38, 77-2704.39, 77-2704.40, 77-2704.51, 77-2704.53, 77-2704.56,  
3 77-2704.57, 77-2704.60, 77-2704.61, 77-2704.62, 77-2704.63, 77-2704.65,  
4 and 77-2704.67, Reissue Revised Statutes of Nebraska; sections 77-2704.20  
5 and 77-2704.69, Revised Statutes Cumulative Supplement, 2022; sections  
6 77-2704.36 and 77-4003.01, Revised Statutes Supplement, 2023; and section  
7 77-2704.66, Reissue Revised Statutes of Nebraska, as amended by Laws  
8 2024, LB1317, section 83.

9       Sec. 77. Since an emergency exists, this act takes effect when  
10 passed and approved according to law.