

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 79

Introduced by Erdman, 47; Brewer, 43; Clements, 2; Halloran, 33;
McDonnell, 5; Murman, 38.

Read first time January 05, 2023

Committee:

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 13-319, 13-501, 13-2813, 18-2147, 77-27,148, 77-3507, and 85-2231,
3 Reissue Revised Statutes of Nebraska, and sections 77-201, 77-2004,
4 77-2005, 77-2006, 77-2701, 77-3506, 77-3508, 77-6406, 77-6827, and
5 79-1001, Revised Statutes Cumulative Supplement, 2022; to adopt the
6 Nebraska EPIC Option Consumption Tax Act; to terminate the Nebraska
7 Budget Act, tax-increment financing, the property tax, the
8 inheritance tax, sales and use taxes, the income tax, the homestead
9 exemption, the Tax Equity and Educational Opportunities Support Act,
10 and the Community College Aid Act as prescribed; to change an
11 application deadline under the Imagine Nebraska Act; and to repeal
12 the original sections.
13 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 54 of this act shall be known and may be
2 cited as the Nebraska EPIC Option Consumption Tax Act, where the acronym
3 EPIC stands for the elimination of property, income, and corporate taxes.

4 Sec. 2. For purposes of the Nebraska EPIC Option Consumption Tax
5 Act:

6 (1) Affiliated firms means two or more firms that are affiliated
7 with each other. A firm is affiliated with another if one firm owns fifty
8 percent or more of:

9 (a) The voting shares in a corporation; or

10 (b) The capital interests of a business firm that is not a
11 corporation;

12 (2) Consumption tax means the tax imposed pursuant to the Nebraska
13 EPIC Option Consumption Tax Act;

14 (3) Designated commercial private courier service means a firm
15 designated as such by the Tax Commissioner, upon application by the firm,
16 if the firm:

17 (a) Provides its services to the general public; and

18 (b) Records electronically to its database kept in the regular
19 course of its business the date on which an item was given to such firm
20 for delivery;

21 (4) Education and training means tuition for primary, secondary, or
22 postsecondary level education and job-related training courses. Such term
23 does not include room, board, sports activities, recreational activities,
24 hobbies, games, arts or crafts, or cultural activities;

25 (5) Groceries means food items purchased for personal human
26 consumption;

27 (6) Gross payments means payments for taxable property or services,
28 including taxes imposed in the Nebraska EPIC Option Consumption Tax Act;

29 (7)(a) Intangible property includes copyrights, trademarks, patents,
30 goodwill, financial instruments, securities, commercial paper, debts,
31 notes and bonds, and other property deemed intangible by common law.

1 (b) Intangible property does not include tangible personal property
2 or rents or leaseholds of any term thereon, real property or rents or
3 leaseholds of any term thereon, or computer software;

4 (8) Person means any individual, association, estate, trust,
5 partnership, corporation, or other entity of any kind;

6 (9)(a) Produce, provide, render, or sell taxable property or
7 services shall have the following meaning: A taxable property or service
8 is something used to produce, provide, render, or sell a taxable property
9 or service if such property or service is purchased by a person engaged
10 in a trade or business for the purpose of employing or using such taxable
11 property or service in the production, provision, rendering, or sale of
12 other taxable property or services in the ordinary course of that trade
13 or business.

14 (b) Taxable property or services used in a trade or business for the
15 purposes of research, experimentation, testing, and development shall be
16 treated as used to produce, provide, render, or sell taxable property or
17 services.

18 (c) Taxable property or services purchased by an insurer on behalf
19 of an insured shall be treated as used to produce, provide, render, or
20 sell taxable property or services if the premium for the insurance
21 contract giving rise to the insurer's obligation was subject to tax
22 pursuant to section 27 of this act.

23 (d) Education and training shall be treated as services used to
24 produce, provide, render, or sell taxable property or services;

25 (10) Registered seller means a person registered pursuant to section
26 11 of this act;

27 (11) Responsible officers and partners means:

28 (a) In the case of a corporation, any officer who is the president,
29 the chief executive officer, a vice-president, the secretary, the
30 treasurer, or the chief financial officer or who serves a similar
31 function for the corporation;

1 (b) In the case of a partnership, any partner other than limited
2 partners; or

3 (c) In the case of a limited liability company, any officer serving
4 the function of a corporate president or chief executive officer,
5 treasurer or chief financial officer, or secretary and any member
6 actively engaged in the management of the company;

7 (12) Tax Commissioner means the Tax Commissioner of the State of
8 Nebraska;

9 (13) Tax inclusive fair market value means the fair market value of
10 taxable property or services plus the tax imposed by the Nebraska EPIC
11 Option Consumption Tax Act;

12 (14) Taxable employer includes:

13 (a) Any household employing domestic servants; and

14 (b) Any government except for government enterprises as defined in
15 section 25 of this act;

16 (15)(a) Taxable property or service means:

17 (i) Any property, including leaseholds of any term or rents with
18 respect to such property, but excluding:

19 (A) Intangible property; and

20 (B) Used property; and

21 (ii) Any service, including any financial intermediation services as
22 defined in section 27 of this act.

23 (b) For purposes of subdivision (15)(a) of this section, the term
24 service:

25 (i) Shall include any service performed by an employee for which the
26 employee is paid wages or a salary by a taxable employer; and

27 (ii) Shall not include any service performed by an employee for
28 which the employee is paid wages or a salary:

29 (A) By an employer in the regular course of the employer's trade or
30 business;

31 (B) By an employer that is a not-for-profit organization as defined

1 in section 26 of this act;

2 (C) By an employer that is a government enterprise as defined in
3 section 25 of this act; or

4 (D) By taxable employers to employees directly providing education
5 and training;

6 (16) Used property means:

7 (a) Property on which the tax imposed by the Nebraska EPIC Option
8 Consumption Tax Act has already been collected and for which no credit
9 has been allowed;

10 (b) Property that was held other than for a business purpose in a
11 trade or business, as defined in subdivision (2)(b) of section 8 of this
12 act, on December 31, 2025;

13 (c) Property that a business has been using but intends to dispose
14 of; or

15 (d) Property owned by a private citizen prior to January 1, 2026;
16 and

17 (17) Wage or salary means all compensation paid for employment
18 service, including cash compensation, employee benefits, disability
19 insurance, wage replacement insurance payments, unemployment compensation
20 insurance, workers' compensation insurance, and the fair market value of
21 any other consideration paid by an employer to an employee in
22 consideration for employment services rendered.

23 Sec. 3. (1) The state income tax imposed pursuant to the Nebraska
24 Revenue Act of 1967 is hereby repealed effective at the end of the day on
25 December 31, 2025. The Department of Revenue may collect taxes due from
26 2025 during calendar year 2026, but income earned in 2026 shall not be
27 subject to the income tax.

28 (2) The state sales and use tax imposed pursuant to the Nebraska
29 Revenue Act of 1967 and all local sales and use taxes imposed pursuant to
30 the Local Option Revenue Act, the Qualified Judgment Payment Act, and
31 sections 13-319 and 13-2813 are hereby repealed effective at the end of

1 the day on December 31, 2025. The Department of Revenue may collect sales
2 and use taxes due from 2025 during calendar year 2026, but no sales and
3 use taxes shall be imposed on purchases of goods and services beginning
4 January 1, 2026.

5 Sec. 4. The property tax imposed pursuant to Chapter 77 is hereby
6 repealed effective at the end of the day on December 31, 2025. Property
7 taxes due from 2025 may be collected during calendar year 2026, but no
8 property taxes shall be imposed on real or personal property beginning
9 January 1, 2026.

10 Sec. 5. The inheritance tax imposed pursuant to sections 77-2001 to
11 77-2040 is hereby repealed effective at the end of the day on December
12 31, 2025. Inheritance taxes due from 2025 may be collected during
13 calendar year 2026, but no inheritance taxes shall be imposed on a
14 deceased person's estate beginning January 1, 2026.

15 Sec. 6. This section establishes the Nebraska Taxpayer's Bill of
16 Rights, which shall apply beginning January 1, 2026, and shall include
17 the following:

18 (1) The citizens of Nebraska are entitled to a fair and just tax
19 system, one which favors neither the poor nor the rich, neither rural
20 dwellers nor urban dwellers, neither business owners nor laborers, and
21 that is no respecter of race, religion, creed, or sex;

22 (2) The State of Nebraska shall never impose a tax on the income of
23 its citizens, whether such income tax be of a personal nature or of a
24 corporate nature;

25 (3) The State of Nebraska shall never impose a tax on the property
26 already owned by its citizens, regardless of whether such property is
27 real or personal, tangible or intangible;

28 (4) The State of Nebraska shall never impose a tax on the estate of
29 a deceased person or the inheritance of the heirs of a deceased person;

30 (5) Because the consumption tax manifests a security against
31 government excess, it shall be preferred above all other tax systems in

1 the State of Nebraska;

2 (6) The Department of Revenue shall be subject to the citizens of
3 the State of Nebraska by readily correcting errors of taxation and
4 granting temporary relief to registered sellers suffering hardship due to
5 the burden of paying taxes;

6 (7) No service or new good shall ever be subjected to more than one
7 kind of tax by the State of Nebraska or any political subdivision
8 thereof;

9 (8) The State of Nebraska and any political subdivision thereof
10 shall be strictly prohibited from imposing a tax on groceries purchased
11 for off-premises consumption;

12 (9) The State of Nebraska and any political subdivision thereof
13 shall be strictly prohibited from imposing a tax on services or materials
14 used to manufacture products, including agricultural products, for sale
15 to the general public or to enhance services for sale to the general
16 public; and

17 (10) The State of Nebraska shall live within its revenue means in
18 the same way that a citizen lives within his or her revenue means.

19 Sec. 7. (1) Beginning January 1, 2026, there is hereby imposed a
20 tax on the use or consumption in the State of Nebraska of taxable
21 property or services.

22 (2) The rate of the consumption tax shall be seven and one-half
23 percent until changed by the Legislature.

24 (3) The person purchasing taxable property or services in the State
25 of Nebraska shall be liable for the tax.

26 (4) Except as otherwise provided in this section, the tax shall be
27 collected by the registered seller. The tax shall constitute a part of
28 the purchase price and until collected shall be a debt from the purchaser
29 to the registered seller. The tax required to be collected by the
30 registered seller from the purchaser constitutes a debt owed by the
31 registered seller to the State of Nebraska.

1 (5) The registered seller shall, at the time of making the sale,
2 collect any tax which may be due from the purchaser and shall give to the
3 purchaser, upon request, a receipt therefor in the manner and form
4 prescribed by the Nebraska EPIC Option Consumption Tax Act.

5 (6) In order to prevent evasion of the consumption tax, it shall be
6 presumed that all gross payments from sales by registered sellers are
7 subject to the tax until the contrary is established. The burden of
8 proving that a sale is not a taxable sale is upon the registered seller
9 who makes the sale unless he or she takes and records from the purchaser
10 a tax-exempt certificate identification number.

11 (7) The Tax Commissioner, in order to enforce and facilitate the
12 proper administration of the consumption tax, may designate such person
13 or persons as he or she may deem necessary to be tax collectors and
14 delegate to such persons such authority as is necessary to collect any
15 such tax which is due and payable to the State of Nebraska. The Tax
16 Commissioner may require of all persons so designated a surety bond in
17 favor of the State of Nebraska to insure against any misappropriation of
18 state funds so collected. The Tax Commissioner may require any tax
19 official, city, county, or state, to collect the tax on behalf of the
20 state. All persons designated to or required to collect the tax shall
21 account for such collections in the manner prescribed by the Tax
22 Commissioner. Nothing in this subsection shall be so construed as to
23 prevent the Tax Commissioner or his or her employees from collecting any
24 taxes due and payable to the State of Nebraska.

25 (8) In the sale of new automobiles, trucks, trailers, semitrailers,
26 and truck-tractors as defined in the Motor Vehicle Registration Act, the
27 consumption tax shall be paid to the county treasurer of the county where
28 the transaction took place. In the rental or lease of automobiles,
29 trucks, trailers, semitrailers, and truck-tractors as defined in the
30 Motor Vehicle Registration Act, the consumption tax shall be collected by
31 the lessor on the rental or lease price.

1 (9) In the case of taxable property or services purchased outside of
2 the State of Nebraska and brought into the State of Nebraska for use or
3 consumption in the State of Nebraska, the purchaser shall remit the
4 consumption tax on a form prescribed by the Tax Commissioner. Such form
5 shall be made available on the Department of Revenue's website. The tax
6 shall be due the month following the purchase date of the taxable
7 property or services.

8 (10) In the case of wages or salary paid by a taxable employer which
9 are taxable services, the employer shall remit the consumption tax in the
10 month following the date that the wages were paid.

11 (11) Property or services purchased for a business purpose in a
12 trade or business or for sale outside of the State of Nebraska and sold
13 untaxed that are subsequently converted to personal use in the State of
14 Nebraska shall be deemed purchased at the time of conversion and shall be
15 subject to the consumption tax at the fair market value of the converted
16 property as of the date of conversion. The tax shall be due as if the
17 property had been sold at the fair market value during the month of
18 conversion. The person using or consuming the converted property is
19 liable for and shall remit the tax on a form prescribed by the Tax
20 Commissioner.

21 (12) If gross payment for taxable property or services is made in
22 other than money, then the person responsible for collecting and
23 remitting the tax shall remit the tax in money as if gross payment had
24 been made in money at the tax inclusive fair market value of the taxable
25 property or services purchased. This subsection shall not apply if the
26 tax inclusive fair market value of the property or services being
27 exchanged is less than twenty-five dollars.

28 (13) Real estate shall be taxed in the following way:

29 (a) The building and sale of a new structure, such as a dwelling, a
30 barn, a warehouse, or other building, shall be subject to the consumption
31 tax;

1 (b) The building and sale of an addition to a structure, such as a
2 dwelling, a barn, a warehouse, or other building, shall be subject to the
3 consumption tax;

4 (c) The remodeling and sale of an already existing structure, such
5 as a dwelling, a barn, a warehouse, or other building, shall be subject
6 to the consumption tax;

7 (d) The sale of an already existing structure, such as a dwelling, a
8 barn, a warehouse, or other building, by any agent other than the seller
9 or purchaser of the real property shall be considered a taxable service
10 subject to the consumption tax in the following way:

11 (i) Any commission or fee imposed by an agent representing the
12 seller of the real property shall be subject to the consumption tax; and

13 (ii) Any commission or fee imposed by an agent representing the
14 purchaser of the real property shall be subject to the consumption tax;
15 and

16 (e) Land shall not be subject to the consumption tax.

17 (14) Medical and dental services shall be taxed in the following
18 way:

19 (a) Whenever the person receiving the medical or dental services is
20 covered by a medical insurance policy or dental insurance policy, no
21 consumption tax shall be imposed because the premiums paid to the
22 insurance provider by the insured person for such policy are already
23 subject to an excise tax as described in subdivision (1)(d) of section 8
24 of this act;

25 (b) Whenever the person receiving the medical or dental services is
26 not covered by a medical insurance policy or dental insurance policy, the
27 tax shall be imposed upon the fair market value of the services provided
28 to the person receiving such services and shall be collected and remitted
29 by the office, hospital, or clinic which administered such services; and

30 (c) If the person receiving the medical or dental services is under
31 eighteen years of age, the parent or legal guardian of such person shall

1 be the responsible party liable to pay the tax. If the person receiving
2 the medical or dental services is a ward of the state, the state agency
3 charged with the care of such person shall be the responsible party
4 liable to pay the tax.

5 Sec. 8. (1) No consumption tax shall be imposed on any taxable
6 property or service that is subject to an excise tax in this state. For
7 purposes of this subsection, excise tax means and includes:

8 (a) The tax on motor fuels under section 66-489;

9 (b) The tax on cigarettes under section 77-2602;

10 (c) The taxes on alcohol-related products under sections 53-160,
11 53-160.04, and 53-162;

12 (d) The tax on insurance premiums under section 77-908;

13 (e) The nameplate capacity tax under section 77-6203;

14 (f) Motor vehicle registration fees under the Motor Vehicle
15 Registration Act;

16 (g) The aircraft fuel tax under section 3-148;

17 (h) The documentary stamp tax under section 76-901;

18 (i) The petroleum release remedial action fee under section 66-1521;

19 (j) The state and county lodging taxes under the Nebraska Visitors
20 Development Act;

21 (k) The oil and gas severance tax under section 57-702;

22 (l) The corporate occupation tax under section 21-303;

23 (m) The oil and gas conservation charge under section 57-919;

24 (n) The uranium severance tax under section 57-1202; and

25 (o) All other fees imposed by government entities, including, but
26 not limited to, campsite rental fees, marriage license fees, and court
27 filing fees.

28 (2)(a) No consumption tax shall be imposed on any taxable property
29 or service purchased for a business purpose in a trade or business.

30 (b) For purposes of this section, the term purchased for a business
31 purpose in a trade or business means purchased by a person engaged in a

1 trade or business and used in that trade or business:

2 (i) For resale;

3 (ii) To produce, provide, render, or sell taxable property or
4 services; or

5 (iii) In furtherance of other bona fide business purposes.

6 (3)(a) No consumption tax shall be imposed on any taxable property
7 or service purchased for an investment purpose and held exclusively for
8 an investment purpose.

9 (b) For purposes of this section, the term purchased for an
10 investment purpose means purchased exclusively for purposes of
11 appreciation or the production of income.

12 (4) No consumption tax shall be imposed on any taxable property or
13 service used for educational purposes.

14 (5)(a) No consumption tax shall be imposed on used property.

15 (b) Any person selling only used goods at a garage sale, yard sale,
16 rummage sale, flea market, or farmers market shall not be held liable for
17 collecting and remitting the consumption tax.

18 (c) Any person owning or operating a thrift store or second-hand
19 store selling only used goods to the general public shall not be held
20 liable for collecting and remitting the consumption tax.

21 (d) Any person owning or operating a used-car lot where only used
22 cars are sold to the general public shall not be held liable for
23 collecting and remitting the consumption tax.

24 (e) Any person owning or operating a used-book store where only used
25 books are sold to the general public shall not be held liable for
26 collecting and remitting the consumption tax.

27 (f) Any person owning or operating any other kind of store or market
28 where only used items are sold to the general public shall not be held
29 liable for collecting and remitting the consumption tax.

30 (6) No consumption tax shall be imposed on groceries purchased for
31 off-premises consumption.

1 (7)(a) Any person engaging in a trade or business, including farms
2 and ranches, may apply for a tax-exempt certificate from the Tax
3 Commissioner to be used when such person makes purchases for a business
4 purpose in a trade or business as defined in subdivision (2)(b) of this
5 section.

6 (b) Such tax-exempt certificate shall contain a consumption tax
7 identification number that is unique to the person applying for the
8 certificate.

9 (c) The Tax Commissioner shall adopt and promulgate rules and
10 regulations for applying for a tax-exempt certificate by September 1,
11 2025.

12 (d) By no later than October 1, 2025, the Tax Commissioner shall
13 create an application for a tax-exempt certificate and shall make such
14 application available in electronic form on the website of the Department
15 of Revenue and in paper form at designated offices of the Department of
16 Revenue as determined by the Tax Commissioner. The Tax Commissioner shall
17 also mail a paper application form through the United States Postal
18 Service whenever a written request for such form is received by the Tax
19 Commissioner and such request contains the name of a business operating
20 in Nebraska or the name of a person who is a legal resident of Nebraska
21 and a legal address in the United States of America.

22 (e) When property or services are purchased for a business purpose
23 in a trade or business as defined in subdivision (2)(b) of this section,
24 the purchaser may present his or her tax-exempt certificate to the
25 registered seller who shall record the identification number on the
26 certificate and refrain from imposing the consumption tax.

27 (f) The registered seller shall keep a record of the tax-exempt
28 transaction along with the identification number on the tax-exempt
29 certificate for a period of at least three years following the date of
30 the transaction. A record of the purchaser's identification number on the
31 tax-exempt certificate shall normally constitute sufficient evidence to

1 absolve the registered seller of any illicit wrongdoing or fraud when the
2 transaction was made. The burden of proof shall lie with the purchaser to
3 demonstrate that the tax-exempt transaction was a lawful transaction.

4 (g) The Tax Commissioner may issue a tax-exempt certificate in the
5 form of a card with microchip technology to protect the identification
6 number of the tax-exempt certificate from public view. The Tax
7 Commissioner may adopt and promulgate rules and regulations for using
8 such card with registered sellers.

9 Sec. 9. (1) The consumption tax imposed under the Nebraska EPIC
10 Option Consumption Tax Act is a destination principle tax. This section
11 shall govern for purposes of determining whether the destination of
12 taxable property and services is within or outside of the State of
13 Nebraska.

14 (2) The destination of tangible personal property shall be the state
15 or territory in which the property was first delivered to the purchaser,
16 including agents and authorized representatives.

17 (3) The destination of real property, or rents or leaseholds on real
18 property, shall be the state or territory in which the real property is
19 located.

20 (4) The destination of any other taxable property, including
21 intangible property, shall be the residence of the purchaser.

22 (5)(a) Unless provided otherwise in this section, the destination of
23 services shall be the state or territory in which the use or consumption
24 of the services occurred. Allocation of service invoices relating to more
25 than one jurisdiction shall be on the basis of time or another method
26 determined by rule and regulation of the Tax Commissioner.

27 (b) The destination of telecommunications services shall be the
28 residence of the purchaser. Telecommunications services include
29 telephone, including cell phone, beeper, radio, cable television,
30 satellite, and computer online or network services.

31 (c) For transportation services where both the origin and the final

1 destination are within the State of Nebraska, the destination of the
2 transportation services shall be the State of Nebraska. For
3 transportation services where the final destination is outside the State
4 of Nebraska but the origin of the trip is inside the State of Nebraska,
5 the service amount shall be deemed one hundred percent attributable to
6 the State of Nebraska. For transportation services that originate outside
7 the State of Nebraska but the final destination is inside the State of
8 Nebraska, the service amount shall be deemed zero percent attributable to
9 the State of Nebraska.

10 (d) The destination of electrical services shall be the residence of
11 the purchaser.

12 (e) The destination of financial intermediation services as defined
13 in section 27 of this act shall be the location where the transaction
14 originated.

15 (f)(i) Except as provided in subdivision (5)(f)(ii) of this section,
16 the destination of rents paid for the lease of tangible property and
17 leaseholds on such property shall be where the property is located while
18 in use.

19 (ii) The destination of rental and lease payments on land vehicles,
20 aircraft, and watercraft shall be:

21 (A) In the case of rentals and leases of a term of one month or
22 less, the location where the land vehicle, aircraft, or watercraft was
23 originally delivered to the renter or lessee; and

24 (B) In the case of rentals and leases of a term greater than one
25 month, the residence of the renter or lessee.

26 Sec. 10. (1) Except as otherwise provided in this section, on or
27 before the fifteenth day of each month, each registered seller or person
28 who is liable to collect and remit the consumption tax or who is liable
29 to pay any consumption tax which is not collected shall submit to the Tax
30 Commissioner, on a form prescribed by the Tax Commissioner, a report
31 relating to the previous calendar month along with the consumption taxes

1 due for such month in the proper manner and form prescribed by the Tax
2 Commissioner. The content of such report shall include:

3 (a) The gross payments received for the month;

4 (b) The tax collected in connection with such payments;

5 (c) The amount and type of any credit claimed; and

6 (d) Any other information reasonably required by the Tax
7 Commissioner for the administration, collection, and remittance of the
8 consumption tax.

9 (2) The Tax Commissioner may adopt and promulgate rules and
10 regulations granting to registered sellers whose yearly tax liability is
11 less than three thousand dollars the privilege of remitting consumption
12 taxes on a quarterly basis, and those whose yearly tax liability is less
13 than nine hundred dollars the privilege of remitting consumption taxes on
14 an annual basis.

15 (3) A registered seller shall deduct and withhold, from the
16 consumption taxes otherwise due from him or her, twenty-five hundredths
17 of one percent of the consumption taxes collected in order to reimburse
18 himself or herself for the cost of collecting the tax.

19 (4)(a) On application, an extension of thirty days to file the
20 report and to remit the tax due under subsection (1) of this section
21 shall be automatically granted if the application is made on or before
22 the due date on a form prescribed by the Tax Commissioner.

23 (b) On application, an extension of sixty days to file the report
24 and to remit the tax due under subsection (1) of this section may be
25 granted by the Tax Commissioner if reasonable cause for the delay is
26 presented in writing to the Tax Commissioner on a form prescribed by the
27 Tax Commissioner. The sixty-day extension shall be liberally granted.

28 (c) No extensions beyond sixty days shall be granted by the Tax
29 Commissioner.

30 (5) A registered seller may remit the taxes due in electronic form
31 or by check, credit card, draft, money order, or other payment approved

1 by the Tax Commissioner. Post-dated checks and postage stamps shall not
2 be sent as payment. Cash may be used when payment is made in person at a
3 designated office of the Department of Revenue as determined by the Tax
4 Commissioner.

5 (6)(a) For purposes of this subsection:

6 (i) Large seller means any seller that has collected more than one
7 hundred thousand dollars of consumption taxes in the previous twelve
8 months; and

9 (ii) Week means the seven-day period ending on a Saturday.

10 (b) A large seller shall remit to the Tax Commissioner the entire
11 balance of consumption taxes due on the first Monday or first business
12 day following the end of each week. The Tax Commissioner may by rule and
13 regulation require the electronic transfer of funds due from large
14 sellers to the Tax Commissioner.

15 (c) A large seller is required to provide security in an amount
16 equal to the greater of one hundred thousand dollars or one and one-half
17 times the seller's average monthly tax liability during the previous six
18 calendar months. Security may be a cash bond, a bond from a surety
19 company approved by the Tax Commissioner, a certificate of deposit, or a
20 state or United States treasury bond. A bond qualifying under this
21 subdivision must be a continuing instrument for each calendar year or
22 portion thereof that the bond is in effect. The bond must remain in
23 effect until the surety or sureties are released and discharged. Failure
24 to provide security in accordance with this subdivision shall result in
25 revocation of the large seller's registration. Upon receipt of an
26 application on a form prescribed by the Tax Commissioner, a large seller
27 may, at the discretion of the Tax Commissioner, be allowed to operate
28 without complying with this subdivision for a period not to exceed six
29 months. If a person has provided security pursuant to this subdivision,
30 the security or part of the security may be forfeited in favor of the Tax
31 Commissioner to the extent of the consumption tax due plus any interest

1 if:

2 (i) The large seller fails to pay an amount indicated in a final
3 notice of an amount due within thirty days of the notice;

4 (ii) Either the time for filing an appeal has passed or the appeal
5 has been denied; and

6 (iii) The amount due is not being litigated in any judicial forum.

7 (7) The report required under this section shall be deemed properly
8 filed with the Tax Commissioner when:

9 (a) The report is deposited into the United States mail, postage
10 paid, properly addressed to the Department of Revenue, and bearing a
11 postmark on or before the due date as determined by this section;

12 (b) The report is delivered in person and accepted at a designated
13 office of the Department of Revenue on or before the due date as
14 determined by this section;

15 (c) The report is provided to a designated commercial private
16 courier service for delivery within two days to the designated office of
17 the Department of Revenue and the receipt bears a date on or before the
18 due date as determined by this section; or

19 (d) The report is delivered by other means permitted by the Tax
20 Commissioner on or before the due date as determined by this section.

21 (8) The Tax Commissioner shall establish a system under which a
22 violation of the Nebraska EPIC Option Consumption Tax Act can be brought
23 to the attention of the Tax Commissioner for investigation through the
24 use of a hotline or toll-free telephone number, through online reporting,
25 or otherwise.

26 (9) The Tax Commissioner is hereby authorized to develop and
27 maintain a program of awards in which individuals may be recognized and
28 rewarded in a manner deemed appropriate by the Tax Commissioner for
29 discovering, reporting, and prosecuting tax fraud.

30 Sec. 11. (1) Any person liable to collect and remit consumption
31 taxes as provided in the Nebraska EPIC Option Consumption Tax Act shall

1 register with the Tax Commissioner, including:

2 (a) Any person who is engaged in a trade or business; and

3 (b) Any person located outside this state who is engaged in sales of
4 taxable property or services into this state, including retail sales,
5 remote or internet sales, and the provision of financial intermediation
6 services.

7 (2) Affiliated firms shall be treated as one person for purposes of
8 this section. Affiliated firms may elect, upon giving notice to the Tax
9 Commissioner in a manner prescribed by the Tax Commissioner, to treat
10 separate firms as separate persons.

11 (3) Every person registered pursuant to subsection (1) of this
12 section shall designate a tax matters person who shall be an individual
13 whom the Tax Commissioner may contact regarding tax matters. Each person
14 registered must provide notice of a change in the identity of the tax
15 matters person within thirty days of such change.

16 (4) Any person who is required to register and who fails to do so is
17 prohibited from selling taxable property or services. The Tax
18 Commissioner may bring an action seeking a temporary restraining order,
19 an injunction, or such other order as may be deemed appropriate to
20 enforce this section.

21 (5) The Tax Commissioner may adopt and promulgate rules and
22 regulations for the issuing of certificates to persons required to
23 register under this section.

24 Sec. 12. (1) Registered sellers and other persons shall report
25 transactions using the cash method of accounting unless an election to
26 use the accrual method of accounting is made pursuant to subsection (2)
27 of this section.

28 (2) A person may elect with respect to a calendar year to remit
29 taxes and report transactions with respect to the month in which the sale
30 was invoiced and accrued.

31 Sec. 13. (1) Any person who is required to register under section

1 11 of this act but fails to do so prior to notification by the Tax
2 Commissioner shall be liable for a civil penalty of five hundred dollars.

3 (2)(a) Any person who is required to and who recklessly or willfully
4 fails to collect taxes imposed by the Nebraska EPIC Option Consumption
5 Tax Act has committed an act of fraud and shall be liable for a civil
6 penalty equal to the greater of five hundred dollars or twenty percent of
7 the tax not collected.

8 (b) Any person who is required to and who willfully fails as part of
9 a trade or business to collect taxes imposed by the act shall be guilty
10 of a Class IV felony.

11 (3)(a) Any person who recklessly or willfully asserts an invalid
12 exemption from the consumption tax has committed an act of fraud and
13 shall be liable for a civil penalty equal to the greater of five hundred
14 dollars or twenty percent of the tax not collected.

15 (b) Any person who willfully asserts an invalid exemption from the
16 consumption tax shall be guilty of a Class IV felony.

17 (4)(a) Any person who is required to and who recklessly or willfully
18 fails to remit consumption taxes collected from purchasers has committed
19 an act of fraud and shall be liable for a civil penalty equal to the
20 greater of one thousand dollars or thirty percent of the taxes not
21 remitted.

22 (b) Any person who willfully fails to remit consumption taxes
23 collected from purchasers shall be guilty of a Class IV felony.

24 (5) Any person who is required to and who recklessly or willfully
25 fails to pay consumption taxes shall be liable for a civil penalty equal
26 to the greater of five hundred dollars or one hundred percent of the tax
27 not paid.

28 (6)(a) In the case of a failure by any person who is required to and
29 who fails to file a report required under section 10 of this act on or
30 before the due date for such report, such person shall pay a penalty for
31 each month or fraction thereof that such report is late equal to the

1 greater of fifty dollars or one-half of one percent of the gross payments
2 required to be shown on the report.

3 (b) The amount of the penalty under subdivision (6)(a) of this
4 section shall be doubled with respect to any report filed after a written
5 inquiry regarding such report is received by the taxpayer from the Tax
6 Commissioner.

7 (c) No penalty shall be imposed under this subsection with respect
8 to any failure to submit a report if it can be shown that such failure
9 was due to reasonable cause.

10 (d) In addition to penalties not imposed by reason of subdivision
11 (6)(c) of this section, the Tax Commissioner shall, upon application or
12 appeal, waive the penalty imposed pursuant to this subsection once per
13 registered person per twenty-four-month period. This waiver shall not
14 apply to any decision of a court.

15 (7)(a) Any person who recklessly or willfully uses a tax-exempt
16 certificate to purchase items for personal use, as a gift to another
17 person, or for resale to another person has committed an act of fraud and
18 shall be liable for a civil penalty equal to the greater of five hundred
19 dollars or one hundred percent of the tax not collected.

20 (b) Any person who willfully uses a tax-exempt certificate to
21 purchase items for personal use, as a gift to another person, or for
22 resale to another person shall be guilty of a Class IV felony.

23 (8) Any person who recklessly or willfully accepts a false tax-
24 exempt certificate shall pay a civil penalty equal to twenty percent of
25 the tax not collected by reason of such acceptance.

26 (9) Any person who is required to timely remit consumption taxes and
27 who remits such taxes more than one month after the taxes are due shall
28 pay a civil penalty equal to one percent of the amount due per month or
29 fraction thereof from the due date. The penalty imposed by this
30 subsection shall never exceed twenty-four percent.

31 (10) In addition to other penalty reductions allowed under this

1 section, any person who is required to pay a civil penalty under the
2 Nebraska EPIC Option Consumption Tax Act may have such penalty reduced to
3 one-half the amount owed, at the discretion of the Tax Commissioner, when
4 it can be shown that the lack of payment was due to hardship or
5 reasonable cause.

6 (11) If any check or money order in payment of any amount due under
7 the Nebraska EPIC Option Consumption Tax Act is not duly paid, in
8 addition to other penalties provided by law, the person who tendered such
9 check or money order shall pay a civil penalty equal to the greater of:

10 (a) Twenty-five dollars; or

11 (b) Two percent of the amount of the check or money order.

12 (12) The tax matters person designated pursuant to section 11 of
13 this act and responsible officers or partners of a firm shall be jointly
14 and severally liable for the consumption tax and any penalties imposed
15 under the act.

16 (13) If more than one person is liable with respect to any tax or
17 penalty imposed under the act, each person who paid such tax or penalty
18 shall be entitled to recover from other persons who are liable for such
19 tax or penalty an amount equal to the excess of the amount paid by such
20 person over such person's proportionate share of the tax or penalty in
21 accordance with rules and regulations adopted and promulgated by the Tax
22 Commissioner. Such rules and regulations may take culpability into
23 account when allocating liability for the tax or penalty among
24 responsible officers or partners.

25 (14) The fact that a civil penalty has been imposed shall not
26 prevent the imposition of a criminal fine.

27 (15) The fact that a criminal fine has been imposed shall not
28 prevent the imposition of a civil penalty.

29 Sec. 14. In all disputes concerning consumption taxes, the person
30 engaged in a dispute with the Tax Commissioner shall have the burden of
31 production of documents and records but the Tax Commissioner shall have

1 the burden of persuasion. In all disputes concerning an exemption claimed
2 by the purchaser, if the seller has on file a tax-exempt certificate from
3 the purchaser and did not have reasonable cause to believe that the
4 certificate was improperly provided by the purchaser with respect to such
5 purchase, then the burden of production of documents and records relating
6 to such exemption shall rest with the purchaser and not with the seller.

7 Sec. 15. (1) Persons are subject to administrative summons by the
8 Tax Commissioner for documents, records, and testimony required by the
9 Tax Commissioner to accurately determine liability for the consumption
10 tax. A summons shall be served by the Tax Commissioner by an attested
11 copy delivered in hand to the person to whom it is directed or left at
12 his or her last-known address. The summons shall describe with reasonable
13 certainty what is sought.

14 (2) The Tax Commissioner has the authority to conduct at a
15 reasonable time and place assessments, examinations, and audits of
16 persons who are or may be liable to collect and remit the consumption tax
17 and to examine the books, papers, documents, records, software, and other
18 data of such persons which may be relevant or material to the
19 determination of tax due.

20 (3) No administrative summons may be issued by the Tax Commissioner
21 and no action may be commenced to enforce an administrative summons with
22 respect to any person if a referral to the Attorney General's office is
23 in effect with respect to such person relating to a tax imposed by the
24 Nebraska EPIC Option Consumption Tax Act. Such referral is in effect with
25 respect to any person if the Tax Commissioner has recommended to the
26 Attorney General's office a grand jury investigation of such person or a
27 criminal prosecution of such person that contemplates criminal sanctions
28 under the act. A referral shall be terminated when:

29 (a) The Attorney General's office notifies the Tax Commissioner that
30 the Attorney General will not:

31 (i) Prosecute such person for any offense connected with the tax

1 laws;

2 (ii) Authorize a grand jury investigation of such person with
3 respect to such offense; or

4 (iii) Continue such a grand jury investigation; or

5 (b) A final disposition has been made of any criminal proceeding
6 connected with tax laws against such person.

7 Sec. 16. Any person liable to remit consumption taxes shall keep
8 records in paper or electronic form that are sufficient to determine the
9 amounts reported, collected, and remitted for a period of three years
10 after the later of the filing of the report for which the records formed
11 the basis or the date when the report was due to be filed. Such records
12 shall include documentation for all sales that were exempt under
13 subsection (2) of section 8 of this act, including the purchasers' tax-
14 exempt certificates and tax identification numbers and the net of tax
15 amounts of purchase. Any purchaser who purchased taxable property or
16 services but did not pay tax by reason of asserting such an exemption
17 shall keep records sufficient to determine whether such exemption was
18 valid for a period of three years after the purchase of taxable property
19 or services.

20 Sec. 17. (1) For each purchase of taxable property or services for
21 which a consumption tax is imposed, the registered seller shall provide
22 the purchaser with a receipt for each transaction that includes:

23 (a) The property or service;

24 (b) The sales price of such property or service exclusive of tax;

25 (c) The amount of consumption tax paid;

26 (d) The property or service price inclusive of the consumption tax;

27 (e) The consumption tax rate;

28 (f) The date that the property or service was purchased;

29 (g) The name of the registered seller, retailer, or vendor;

30 (h) The address of the registered seller, retailer, or vendor; and

31 (i) The registered seller's consumption tax registration number;

1 (2) The tax imposed by the Nebraska EPIC Option Consumption Tax Act
2 shall apply to all vending machines. For purposes of this subsection,
3 vending machines are machines that dispense taxable property or services
4 in exchange for coins or currency. Vending machines shall not be required
5 to dispense the receipt described in subsection (1) of this section.

6 (3) The requirements of subsection (1) of this section shall not
7 apply in the case of financial intermediation services as defined in
8 section 27 of this act.

9 Sec. 18. (1) The proceeds of the taxes paid pursuant to the
10 Nebraska EPIC Option Consumption Tax Act shall be collected by the
11 Department of Revenue and remitted to the State Treasurer for credit to
12 the General Fund.

13 (2) The State Treasurer shall be responsible for disbursing the
14 revenue in accordance with the state's budget and any other outstanding
15 liabilities.

16 Sec. 19. (1) The Tax Commissioner may seize property, garnish wages
17 or salary, and file liens to collect amounts due under the Nebraska EPIC
18 Option Consumption Tax Act pursuant to enforcement of:

19 (a) A judgment duly rendered by a court of law;

20 (b) An amount due if the taxpayer has failed to exercise his or her
21 appeal rights under the act; or

22 (c) An amount due if the appeal process determined that an amount
23 remained due and the taxpayer has failed to timely petition a court for
24 relief.

25 (2) Subject to such reasonable rules and regulations as the Tax
26 Commissioner may adopt and promulgate, any lien imposed with respect to a
27 consumption tax shall be released not later than thirty days after:

28 (a) The liability was satisfied or became unenforceable; or

29 (b) A bond was accepted as security.

30 Sec. 20. Decisions of the Tax Commissioner under the Nebraska EPIC
31 Option Consumption Tax Act may be appealed, and the appeal shall be in

1 accordance with the Administrative Procedure Act.

2 Sec. 21. In all disputes concerning consumption taxes, the person
3 engaged in a dispute with the Tax Commissioner may be entitled to
4 reasonable attorney's fees, accountancy fees, and other reasonable
5 professional fees incurred in direct relation to the dispute unless the
6 Tax Commissioner establishes that his or her position was substantially
7 justified.

8 Sec. 22. No addition to tax shall be made under section 13 of this
9 act with respect to a period during which a case is pending under Title
10 11 of the United States Code:

11 (1) If such tax was incurred by the estate and the failure occurred
12 pursuant to an order of the court finding probable insufficiency of funds
13 of the estate to pay administrative expenses; or

14 (2) If (a) such tax was incurred by the debtor before the earlier of
15 the order for relief or, in the involuntary case, the appointment of a
16 trustee and (b) the petition was filed before the due date prescribed by
17 law, including extensions, for filing a return of such tax, or the date
18 for making the addition to tax occurs on or after the date the petition
19 was filed.

20 Sec. 23. (1) Any person selling one or more chances is a gaming
21 sponsor and shall register, in a form prescribed by the Tax Commissioner,
22 with the Tax Commissioner as a gaming sponsor, except that a not-for-
23 profit organization as defined in section 26 of this act that has gross
24 receipts from the sale of chances of less than five thousand dollars
25 during any calendar year shall not be required to register.

26 (2) For purposes of this section, the term chance means a lottery
27 ticket, a raffle ticket, chips, other tokens, a bet placed, a wager
28 placed, or any similar device where the purchase of the right gives rise
29 to an obligation by the gaming sponsor to pay upon the occurrence of:

30 (a) A random or unpredictable event; or

31 (b) An event over which neither the gaming sponsor nor the person

1 purchasing the chance has control over the outcome.

2 (3) The taxable gaming services of a gaming sponsor shall be subject
3 to the consumption tax. For purposes of this section, taxable gaming
4 services means the gross receipts of the gaming sponsor from the sale of
5 chances.

6 (4) The consumption tax shall be collected and remitted by the
7 gaming sponsor. The tax shall be remitted by the fifteenth day of each
8 month with respect to taxable gaming services during the previous
9 calendar month.

10 Sec. 24. (1) Purchases of taxable property or services by the
11 federal government shall be subject to the consumption tax.

12 (2) Purchases of taxable property or services by state governments,
13 including the State of Nebraska, and any political subdivisions shall be
14 subject to the consumption tax.

15 Sec. 25. (1) Nothing in the Nebraska EPIC Option Consumption Tax
16 Act shall be construed to exempt any federal, state, or local
17 governmental unit or political subdivision operating a government
18 enterprise from collecting and remitting the consumption tax on any sale
19 of taxable property or services. Government enterprises shall comply with
20 all duties imposed by the act and shall be liable for penalties and
21 subject to enforcement actions in the same manner as private persons that
22 are not government enterprises.

23 (2) For purposes of this section, government enterprise means any
24 entity owned or operated by a federal, state, or local governmental unit
25 or political subdivision that receives gross payments from private
26 persons, except that a government-owned entity shall not be considered a
27 government enterprise for purposes of this section unless in any calendar
28 month it has revenue from selling taxable property or services exceeding
29 one thousand dollars.

30 (3) Government enterprises shall not be subject to tax on purchases
31 that would not be subject to tax if the government enterprise were a

1 private enterprise, except that government enterprises may not use such
2 exemption to serve as a conduit for tax-free purchases by government
3 units that would otherwise be subject to taxation on purchases pursuant
4 to section 24 of this act. Transfers of taxable property or services
5 purchased exempt from tax from a government enterprise to such government
6 unit shall be taxable.

7 (4) Any government enterprise must maintain books of account,
8 separate from the nonenterprise government accounts, maintained in
9 accordance with generally acceptable accounting principles.

10 (5) A government enterprise shall be treated as a trade or business
11 for purposes of the Nebraska EPIC Option Consumption Tax Act.

12 (6) A transfer of funds to a government enterprise by a government
13 entity without full consideration shall constitute a taxable government
14 purchase within the meaning of section 24 of this act to the extent that
15 the transfer of funds exceeds the fair market value of the consideration.

16 Sec. 26. (1) For purposes of this section, not-for-profit
17 organization means a not-for-profit organization organized and operated
18 exclusively:

19 (a) For religious purposes;

20 (b) For charitable purposes;

21 (c) For scientific purposes;

22 (d) For purposes of testing for public safety;

23 (e) For literary purposes;

24 (f) For educational purposes;

25 (g) For purposes of civic duty or social welfare;

26 (h) For labor purposes;

27 (i) For agricultural or horticultural purposes;

28 (j) As chambers of commerce, business leagues, or trade
29 associations; or

30 (k) As fraternal beneficiary societies, orders, lodges, or
31 associations, of which no part of the net earnings inures to the benefit

1 of any private shareholder or individual.

2 (2) Any not-for-profit organization shall be required to pay the
3 consumption tax, except that no tax shall be imposed on employee wages or
4 salary.

5 Sec. 27. (1) For purposes of this section:

6 (a) Explicitly charged fees for financial intermediation services
7 includes:

8 (i) Brokerage fees;

9 (ii) Explicitly stated banking, loan, automatic teller machine, or
10 other similar fees;

11 (iii) Safe-deposit box fees;

12 (iv) Insurance premiums, to the extent such premiums are not
13 allocable to the investment account of the underlying insurance policy;

14 (v) Trustees' fees; and

15 (vi) Other financial services fees, including mutual fund management
16 fees, sales fees, and exit fees;

17 (b) Financial intermediation services means the sum of:

18 (i) Explicitly charged fees for financial intermediation services;
19 and

20 (ii) Implicitly charged fees for financial intermediation services;

21 (c) Gross imputed amount means:

22 (i) With respect to any underlying interest-bearing investment or
23 account, the product of:

24 (A) The excess, if any, of the basic interest rate as described in
25 section 29 of this act over the rate paid on such investment; and

26 (B) The amount of the investment or account; and

27 (ii) With respect to any underlying interest-bearing debt, the
28 product of:

29 (A) The excess, if any, of the rate paid on such debt over the basic
30 interest rate as described in section 29 of this act; and

31 (B) The amount of the debt; and

1 (d) Implicitly charged fees for financial intermediation services
2 includes the gross imputed amount in relation to any underlying interest-
3 bearing investment, account, or debt.

4 (2) For purposes of the Nebraska EPIC Option Consumption Tax Act,
5 the seller of financial intermediation services shall be:

6 (a) In the case of explicitly charged fees for financial
7 intermediation services, the person who receives the gross payments for
8 the charged financial intermediation services;

9 (b) In the case of implicitly charged fees for financial
10 intermediation services with respect to any underlying interest-bearing
11 investment or account, the person making the interest payments on the
12 interest-bearing investment or account; and

13 (c) In the case of implicitly charged fees for financial
14 intermediation services with respect to any interest-bearing debt, the
15 person receiving the interest payments on the interest-bearing debt.

16 (3) The consumption tax on financial intermediation services with
17 respect to an underlying investment account or debt shall be imposed and
18 collected with the same frequency that statements are rendered by the
19 financial institution in connection with the investment account or debt
20 but not less frequently than quarterly.

21 (4) Financial intermediation services shall be deemed as used or
22 consumed within the State of Nebraska if the person purchasing the
23 services is a resident of the State of Nebraska.

24 (5) Any person that provides financial intermediation services to
25 Nebraska residents must, as a condition of lawfully providing such
26 services, designate, in a form prescribed by the Tax Commissioner, a tax
27 representative for purposes of the Nebraska EPIC Option Consumption Tax
28 Act. The tax representative shall be responsible for ensuring that the
29 consumption tax is collected and remitted and shall be jointly and
30 severally liable for collecting and remitting such tax. The Tax
31 Commissioner may bring an action seeking a temporary restraining order,

1 an injunction, or such other order as may be appropriate to enforce this
2 subsection.

3 Sec. 28. (1) For purposes of this section, financing lease means
4 any lease under which the lessee has the right to acquire the property
5 for fifty percent or less of its fair market value at the end of the
6 lease term.

7 (2) Financing leases shall be subject to the consumption tax as
8 prescribed in this section.

9 (3) The Tax Commissioner shall adopt and promulgate rules and
10 regulations for disaggregating the principal and interest components of a
11 financing lease. The principal amount shall be determined to the extent
12 possible by examination of the contemporaneous sales price of property
13 the same or similar as the leased property.

14 (4) In the event that contemporaneous sales prices or property the
15 same or similar as the leased property are not available, the principal
16 and interest components of a financing lease shall be disaggregated using
17 the applicable interest rate as determined under section 30 of this act
18 plus four percent.

19 (5) The principal component of the financing lease shall be subject
20 to tax as if a purchase in the amount of the principal component had been
21 made on the day on which such lease was executed.

22 (6) The financial intermediation services amount with respect to the
23 interest component of the financing lease shall be subject to the
24 consumption tax.

25 (7) If the principal component and financial intermediation services
26 amount with respect to the interest component of a lease have been taxed
27 pursuant to this section, then the gross lease or rental payments shall
28 not be subject to additional tax.

29 Sec. 29. For the purposes of the Nebraska EPIC Option Consumption
30 Tax Act, the basic interest rate with respect to a debt instrument,
31 investment, financing lease, or account shall be the applicable interest

1 rate as determined under section 30 of this act. For debt instruments,
2 investments, or accounts of contractually fixed interest, the applicable
3 interest rate of the month of issuance shall apply. For debt instruments,
4 investments, or accounts of variable interest rates and which have no
5 reference interest rate, the applicable interest shall be the federal
6 short-term interest rate for each month. For debt instruments,
7 investments, or accounts of variable interest rates and which have a
8 reference interest rate, the applicable interest shall be the applicable
9 interest rate for the reference interest rate for each month.

10 Sec. 30. (1) In the case of a debt instrument, investment,
11 financing lease, or account with a term of not over three years, the
12 applicable interest rate is the federal short-term rate as determined by
13 the United States Secretary of the Treasury.

14 (2) In the case of a debt instrument, investment, financing lease,
15 or account with a term of over three years but not over nine years, the
16 applicable interest rate is the federal mid-term rate as determined by
17 the United States Secretary of the Treasury.

18 (3) In the case of a debt instrument, investment, financing lease,
19 or account with a term of over nine years, the applicable interest rate
20 is the federal long-term rate as determined by the United States
21 Secretary of the Treasury.

22 (4) The Tax Commissioner shall publish the applicable rates monthly.
23 If the United States Secretary of the Treasury ceases to determine or
24 publish the relevant federal interest rates, the Tax Commissioner shall
25 determine and publish the applicable rates using the same methodology
26 used by the Secretary of the Treasury, as nearly as is practical, prior
27 to the Secretary of the Treasury discontinuing such determination or
28 publication.

29 (5) Interest on any past due consumption taxes shall be at the rate
30 specified in section 45-104.02, as such rate may from time to time be
31 adjusted.

1 Sec. 31. (1) Up to one thousand dollars of gross payments per
2 calendar year shall be exempt from the consumption tax if:

3 (a) Made by a person not in connection with a trade or business at
4 any time during such calendar year prior to making such gross payments;
5 and

6 (b) Made to purchase any taxable property or service which is
7 brought into Nebraska by such person for use or consumption by such
8 person in Nebraska.

9 (2) Up to five thousand dollars per calendar year of gross payments
10 shall be exempt from the consumption tax if received:

11 (a) By a person not in connection with a trade or business during
12 such calendar year prior to the receipt of such gross payments; and

13 (b) In connection with a casual or isolated sale.

14 (3) Up to ten thousand dollars per calendar year of gross payments
15 received by a person from the sale of financial intermediation services
16 as defined in section 27 of this act may be claimed as a credit and
17 applied to the tax imposed by the Nebraska EPIC Option Consumption Tax
18 Act. The credit provided by this subsection is in addition to other
19 credits afforded by the act. The credit provided by this subsection shall
20 not be available to large sellers as defined in section 10 of this act.

21 (4) If a registered seller provides taxable property or services to
22 a person either as a gift, prize, or reward or as remuneration for
23 employment and such taxable property or services were not previously
24 subject to tax, then the provision of such taxable property or services
25 by the registered seller shall be deemed the conversion of such taxable
26 property or services to personal use and subject to tax pursuant to
27 subsection (11) of section 7 of this act at the tax inclusive fair market
28 value of such taxable property or services.

29 (5) The substance of a transaction shall prevail over its form if:

30 (a) The transaction has no bona fide economic purpose; and

31 (b) The transaction is designed to evade the tax imposed by the

1 Nebraska EPIC Option Consumption Tax Act.

2 (6) When the last day prescribed for performing any action required
3 by the Nebraska EPIC Option Consumption Tax Act falls on a Saturday,
4 Sunday, or legal holiday, the performance of such action shall be
5 considered timely if it is performed on the next day which is not a
6 Saturday, Sunday, or legal holiday.

7 Sec. 32. (1) Inventory held by a trade or business at the close of
8 business on December 31, 2025, shall be considered qualified inventory if
9 it is sold:

10 (a) Before December 31, 2026;

11 (b) By a registered seller; and

12 (c) Subject to the tax imposed by the Nebraska EPIC Option
13 Consumption Tax Act.

14 (2) For purposes of this section, qualified inventory shall have the
15 cost that it had for federal income tax purposes for the trade or
16 business as of December 31, 2025, including any amounts capitalized by
17 reason of section 263A of the Internal Revenue Code of 1986.

18 (3) The trade or business which held the qualified inventory at the
19 close of business on December 31, 2025, shall be entitled to a
20 transitional inventory credit equal to the cost of the qualified
21 inventory, as determined in accordance with subsection (2) of this
22 section, times the rate of the consumption tax imposed by section 7 of
23 this act.

24 (4) The credit provided under subsection (3) of this section shall
25 be allowed with respect to the month when the inventory is sold subject
26 to the consumption tax. The person claiming such credit shall attach
27 supporting schedules in the form that the Tax Commissioner may prescribe.

28 (5) Qualified inventory held by registered sellers that sell such
29 qualified inventory not subject to the consumption tax shall be eligible
30 for the transitional inventory credit only if that business, or a
31 business that has successor rights pursuant to subsection (6) of this

1 section, receives certification in a form satisfactory to the Tax
2 Commissioner that the qualified inventory was subsequently sold subject
3 to the consumption tax.

4 (6) The trade or business entitled to the transitional inventory
5 credit may sell the right to receive such transitional inventory credit
6 to the purchaser of the qualified inventory that gave rise to the credit
7 entitlement. Any purchaser of such qualified inventory, or property or
8 services into which the qualified inventory has been incorporated, may
9 sell the right to such transitional inventory credit to a subsequent
10 purchaser of such qualified inventory, or property or services into which
11 the qualified inventory has been incorporated.

12 Sec. 33. (1) At least seven calendar days before the commencement
13 of an examination of the books and records of a registered seller, the
14 Department of Revenue shall provide to the registered seller through the
15 United States Postal Service a pamphlet written in simple and
16 nontechnical language containing the Nebraska Taxpayer's Bill of Rights
17 listed in section 6 of this act along with a statement explaining the
18 taxpayer's right to be represented by legal counsel during an
19 examination, a statement explaining the taxpayer's right to file an
20 appeal, and a statement explaining the taxpayer's right to know the
21 criteria and procedures used to select persons for such examinations.

22 (2) At least seven days before the issuance of a preliminary
23 assessment, the Department of Revenue shall provide to the registered
24 seller through the United States Postal Service a written description of:

25 (a) The basis for the assessment, including any penalties asserted
26 with respect to the assessment; and

27 (b) The method by which the registered seller may request an
28 administrative or judicial review of the assessment.

29 (3) At or before the issuance of a final assessment, the Department
30 of Revenue shall inform the registered seller by way of a written
31 statement of his or her right to appeal such assessment.

1 (4) Except in cases involving suspected criminal violations of the
2 tax law or other criminal activity, the Department of Revenue shall
3 conduct an examination of a registered seller during the regular business
4 hours of 8:00 a.m. to 5:00 p.m. Central Standard Time, or Mountain
5 Standard Time whenever the examination takes place where Mountain
6 Standard Time applies, during the weekdays of Monday through Friday after
7 providing written notice of the examination through the United States
8 Postal Service at least fifteen days prior to the date of the
9 examination. A registered seller who refuses a proposed time for an
10 examination on the grounds that the proposed examination date and time
11 would cause an undue burden or hardship must contact the Department of
12 Revenue to arrange an alternative date and time for such examination. The
13 alternative date and time must be agreeable to both the Department of
14 Revenue and the registered seller within reason and must be scheduled no
15 later than ninety days from the date of the original notice.

16 (5) At all stages of an examination and in any appeal of an
17 assessment, a registered seller is entitled to be assisted or
18 represented, at his or her own expense, by an authorized representative.
19 The Department of Revenue shall prescribe a form by which the registered
20 seller may designate a person to represent him or her in the conduct of
21 any proceedings, including collection proceedings, resulting from action
22 taken by the Department of Revenue. In the absence of this form, the
23 Department of Revenue or the applicable court may accept such other
24 evidence that a person is the authorized representative of a registered
25 seller as it considers appropriate. This subsection shall not be
26 construed as authorizing the practice of law before the Department of
27 Revenue or any court of law in the State of Nebraska by a person who is
28 not a licensed attorney.

29 (6) A registered seller shall be allowed to make a video or audio
30 recording of any in-person interview with any officer or employee of the
31 Department of Revenue, including the Tax Commissioner, whenever such

1 interview relates to any assessment, examination, or investigation of the
2 registered seller's tax liabilities. However, the registered seller must
3 provide reasonable advance notice to the Department of Revenue of his or
4 her intent to record the interview. Any such recording shall be at the
5 registered seller's expense and with the registered seller's own
6 equipment. Unless it can be shown that the recording has been altered,
7 edited, or tampered with in any way, such recording shall be permitted as
8 evidence in a court of law.

9 (7) The Tax Commissioner or any other employee of the Department of
10 Revenue shall be allowed to make a video or audio recording of any
11 interview with a registered seller if the registered seller is making a
12 video or audio recording of the interview or if reasonable advance notice
13 is given to the registered seller before the interview. The Tax
14 Commissioner or an employee of the Department of Revenue shall provide
15 the registered seller with a transcript or a copy of the recording, but
16 only if the registered seller interviewed provides reimbursement for the
17 cost of the transcript or reproduction of the recording. Any such
18 reproductive cost shall be reasonable as prescribed by rules and
19 regulations adopted and promulgated by the Tax Commissioner.

20 (8) For purposes of this section only, the term registered seller
21 includes any person selling taxable property or services who is or should
22 be registered with the Tax Commissioner as a registered seller.

23 Sec. 34. (1) The Department of Revenue shall maintain a continuing
24 education program to train employees of the department and to provide
25 them with a current knowledge of state and applicable federal tax laws.

26 (2) Beginning in the year 2027, the Tax Commissioner shall prepare
27 an annual report and present such report in person to the Revenue
28 Committee of the Legislature concerning information about the number and
29 kind of audits, assessments, or examinations conducted by the Department
30 of Revenue throughout the previous year. The Revenue Committee shall bear
31 the responsibility for scheduling the Tax Commissioner's annual report.

1 (3) The Department of Revenue shall be strictly forbidden from using
2 the amount of consumption taxes assessed by an employee of the Department
3 of Revenue as the basis for evaluating an employee's performance on the
4 job.

5 (4) The Tax Commissioner shall develop procedures for monitoring the
6 performance of employees of the Department of Revenue which may include
7 the use of evaluations obtained from taxpayers.

8 (5) If the Tax Commissioner or the Department of Revenue fails to
9 comply with any of the provisions of the Nebraska EPIC Option Consumption
10 Tax Act, such failure shall not prevent the Tax Commissioner or the
11 Department of Revenue from assessing any tax as provided in the act nor
12 shall it excuse any registered seller from timely complying with any time
13 limitations imposed by the act. However, if the Tax Commissioner or the
14 Department of Revenue fails to substantially comply with the provisions
15 of the act, the Tax Commissioner shall, upon application by the
16 registered seller or other good cause shown, abate any penalties
17 otherwise arising from an assessment or examination.

18 (6) The Tax Commissioner shall abate any penalty attributable to
19 erroneous written advice furnished to a registered seller by an employee
20 of the Department of Revenue. However, this subsection shall apply only
21 if the Department of Revenue's employee provided the written advice in
22 good faith while acting in his or her official capacity, the written
23 advice was reasonably relied upon by the registered seller and was in
24 response to a specific written request of the registered seller, and the
25 penalty did not result from the registered seller's failure to provide
26 adequate or accurate information.

27 Sec. 35. (1) The Tax Commissioner may enter into written agreements
28 to allow any registered seller to pay the consumption tax in installment
29 payments if the Tax Commissioner determines that such an agreement will
30 facilitate the collection of such tax. Such agreements shall be entered
31 into only regarding a tax that has been finally assessed by the Tax

1 Commissioner or the Department of Revenue and not appealed, and such
2 agreements shall not exceed a period lasting more than twelve months,
3 except that any such agreement may be renewed at the discretion of the
4 Tax Commissioner for succeeding periods not to exceed twelve months.

5 (2) The Tax Commissioner may terminate, alter, or modify any
6 installment agreement entered into under this section if:

7 (a) Information provided by the registered seller to the Tax
8 Commissioner prior to the date of such agreement was inaccurate or
9 incomplete;

10 (b) The registered seller fails to pay any installment at such time
11 the installment payment is due under such agreement;

12 (c) The registered seller fails to pay any other tax liability due
13 the Department of Revenue at the time such liability is due, unless the
14 registered seller has appealed such other tax liability;

15 (d) The financial condition of the registered seller has
16 significantly changed;

17 (e) The registered seller fails to provide a financial condition
18 update as requested by the Tax Commissioner; or

19 (f) The Tax Commissioner believes that collection of any tax to
20 which an agreement under this section relates is in jeopardy.

21 (3) The Tax Commissioner shall have sole authority and discretion to
22 enter into or to amend, modify, or terminate any installment payment
23 agreement provided for under this section. The Tax Commissioner shall
24 adopt and promulgate rules and regulations necessary for the
25 implementation of this section.

26 (4) Any county, city, or village administering its own consumption
27 tax shall have the same authority as provided to the Tax Commissioner by
28 this section relating to installment payments with respect to the
29 consumption tax administered by such county, city, or village.

30 Sec. 36. (1) All reports and report information provided to the Tax
31 Commissioner or the Department of Revenue pursuant to the Nebraska EPIC

1 Option Consumption Tax Act shall be deemed confidential, and except as
2 otherwise authorized in the act, no officer or employee, or former
3 officer or employee, of the State of Nebraska or any other person who has
4 been provided access to tax information shall disclose any such
5 information to anyone employed outside of the Department of Revenue. Any
6 violation of this subsection is a Class IV felony.

7 (2) The Tax Commissioner or an employee of the Department of Revenue
8 may disclose a report or report information of a registered seller to
9 such registered seller, the tax matters person associated with the
10 registered seller, the spouse or adult child of the registered seller, or
11 another person authorized to represent the registered seller.

12 (3) The Tax Commissioner or an employee of the Department of Revenue
13 may disclose a report or report information of a person who is
14 incompetent to the trustee or guardian of such person.

15 (4) In the case of a deceased person, the Tax Commissioner or an
16 employee of the Department of Revenue may disclose a report or report
17 information to:

18 (a) The decedent's personal representative, administrator, executor,
19 or estate trustee;

20 (b) The decedent's heir at law, next of kin, or beneficiary under a
21 will who has a material interest that will be affected by the
22 information; or

23 (c) A person who is a joint tenant with the decedent with a right of
24 survivorship.

25 (5) The Tax Commissioner or an employee of the Department of Revenue
26 may disclose a person's tax report or report information to such person's
27 trustee in bankruptcy.

28 (6) The Tax Commissioner or an employee of the Department of Revenue
29 may disclose a person's tax report or report information in compliance
30 with a court order.

31 (7) The Tax Commissioner or an employee of the Department of Revenue

1 may disclose a report or report information to the Revenue Committee of
2 the Legislature, the Appropriations Committee of the Legislature, or the
3 Executive Board of the Legislative Council if such report or information
4 does not identify any particular person, unless such person consents in
5 writing to the disclosure of such information.

6 (8) A person may waive the confidentiality rights provided in this
7 section if such waiver of rights is done in writing.

8 (9) Disclosure of a report or report information by officers,
9 agents, or employees of the Department of Revenue to other officers,
10 agents, or employees of the Department of Revenue in the ordinary course
11 of tax administration activities shall not constitute unlawful disclosure
12 of the report or report information.

13 (10) Upon request by the Governor, the Tax Commissioner shall
14 furnish reports and report information to such officers, agents, and
15 employees of the State of Nebraska as the Governor may prescribe by rule
16 and regulation or by executive order for the purpose of, and only to the
17 extent necessary for, statistical activities authorized by law.

18 (11) The Tax Commissioner or an employee of the Department of
19 Revenue may provide reports or report information for purposes of
20 academic research to researchers working at the University of Nebraska,
21 researchers working in the Nebraska state college system, researchers
22 working in the community college system, or researchers working in a
23 private college or university within the State of Nebraska if such
24 reports or report information does not identify any particular person.

25 Sec. 37. Interest on any final assessment shall accrue from the
26 date of entry of the final assessment on the total amount of its
27 components, including tax, interest, and any penalty, as one lump-sum
28 amount.

29 Sec. 38. Nothing in the Nebraska EPIC Option Consumption Tax Act
30 shall limit the ability of counties, cities, or villages from imposing a
31 separate consumption tax within the limits of the county, city, or

1 village.

2 Sec. 39. (1) Beginning in 2026, state agencies shall submit annual
3 budget requests for the operations of their respective state agencies to
4 the Governor and to the chairperson of the Appropriations Committee of
5 the Legislature by September 15.

6 (2) A state agency's annual budget request may exceed the amount
7 from the prior year by the percentage change in the Consumer Price Index
8 for All Urban Consumers published by the federal Bureau of Labor
9 Statistics.

10 (3) Notwithstanding the limit provided in subsection (2) of this
11 section, in the event of an emergency where an unforeseen contingency
12 arises, a state agency may petition the Legislature for an increase of
13 such agency's budget of up to but not more than two and one-half percent.

14 (4) Notwithstanding the limit provided in subsection (2) of this
15 section, in the event of a natural disaster where the Governor has
16 declared the affected area as a disaster area, a state agency may
17 petition the Legislature for an increase of such agency's budget of up to
18 but not more than five percent.

19 (5) This section applies to both the University of Nebraska and the
20 Nebraska state college system. The Board of Regents of the University of
21 Nebraska shall submit the budget request for the University of Nebraska
22 as prescribed in this section. The Board of Trustees of the Nebraska
23 State Colleges shall submit the budget request for the Nebraska state
24 colleges as prescribed in this section.

25 (6) Nothing in this section shall preclude the Legislature from
26 appropriating additional funds for relief or aid from the Cash Reserve
27 Fund.

28 Sec. 40. (1) Beginning in 2026, the Governor shall submit a
29 comprehensive annual statewide budget to the Legislature by December 1.
30 The Appropriations Committee of the Legislature shall approve and submit
31 a bill or bills for such comprehensive annual statewide budget for

1 approval by the Legislature. Such bill or bills shall balance expenses
2 with state revenue projected by the Nebraska Economic Forecasting
3 Advisory Board.

4 (2) Disbursement of consumption tax revenue shall be the sole
5 responsibility of the State Treasurer.

6 (3) Consumption tax revenue for each state agency shall be
7 administered and disbursed through the Department of Administrative
8 Services.

9 (4) Consumption tax revenue for political subdivisions shall be
10 administered and disbursed by the State Treasurer as provided in sections
11 41 to 54 of this act.

12 Sec. 41. For purposes of sections 41 to 47 of this act:

13 (1) Board means the Budget Equalization and Review Board created in
14 section 42 of this act;

15 (2) District representative means an individual who is elected to
16 the board to represent one of the five districts described in section 42
17 of this act;

18 (3) Political subdivision means any political subdivision of this
19 state other than a school district;

20 (4) Secretary means the Secretary of the Budget Equalization and
21 Review Board; and

22 (5) SEND score means the special expenditure needs direction score
23 calculated under section 46 of this act.

24 Sec. 42. (1) There is hereby created the Budget Equalization and
25 Review Board. The purpose of the board is to ensure that all ninety-three
26 Nebraska counties and all political subdivisions in this state receive
27 adequate representation regarding funding for their operations.

28 (2) The board shall consist of seven members comprised of five
29 district representatives, the secretary, and the Auditor of Public
30 Accounts or his or her designee. The five district representatives shall
31 have the right to vote on all matters and shall represent the five

1 districts described in subsection (3) of this section. Each district
2 representative shall meet all of the qualifications required for a county
3 commissioner. The secretary shall be a nonvoting, ex officio member of
4 the board. The Auditor of Public Accounts or his or her designee shall
5 also be a nonvoting, ex officio member of the board. District
6 representatives may hire staff as needed to assist them in their work.

7 (3) One district representative shall be elected from each of the
8 following districts:

9 (a) The Fort Atkinson District, which shall include the counties of
10 Cass, Sarpy, Douglas, Saunders, Washington, Dodge, Colfax, Platte, Burt,
11 Cuming, Stanton, Madison, Thurston, Wayne, Pierce, Dakota, Dixon, and
12 Cedar;

13 (b) The St. Deroin Fort District, which shall include the counties
14 of Butler, Polk, Hamilton, York, Seward, Lancaster, Otoe, Nemaha,
15 Johnson, Richardson, Pawnee, Gage, Saline, Fillmore, Clay, Jefferson,
16 Thayer, and Nuckolls;

17 (c) The Fort Hartsuff District, which shall include the counties of
18 Keya Paha, Boyd, Knox, Antelope, Holt, Rock, Brown, Garfield, Wheeler,
19 Loup, Blaine, Custer, Valley, Greeley, Sherman, Howard, Boone, Nance, and
20 Merrick;

21 (d) The Fort McPherson District, which shall include the counties of
22 Perkins, Lincoln, Dawes, Buffalo, Hall, Adams, Kearney, Phelps, Gosper,
23 Frontier, Hayes, Chase, Dundy, Hitchcock, Red Willow, Furnas, Harlan,
24 Franklin, and Webster; and

25 (e) The Fort Robinson District, which shall include the counties of
26 Sioux, Scotts Bluff, Banner, Kimball, Cheyenne, Morrill, Box Butte,
27 Dawes, Sheridan, Cherry, Garden, Deuel, Grant, Arthur, Keith, Hooker,
28 Thomas, McPherson, and Logan.

29 (4) District representatives shall be elected in the following
30 manner:

31 (a) The person elected to represent the Fort Atkinson District shall

1 reside within such district and shall be elected by the people of such
2 district once every four years beginning in the year 2026. Whenever a
3 vacancy exists, the Governor shall appoint a qualified candidate to fill
4 the seat until the next election;

5 (b) The person elected to represent the St. Deroin Fort District
6 shall reside within such district and shall be elected by the people of
7 such district once every four years beginning in the year 2028, except
8 that an election for a special two-year term shall be held in the year
9 2026. Whenever a vacancy exists, the Governor shall appoint a qualified
10 candidate to fill the seat until the next election;

11 (c) The person elected to represent the Fort Hartsuff District shall
12 reside within such district and shall be elected by the people of such
13 district once every four years beginning in the year 2026. Whenever a
14 vacancy exists, the Governor shall appoint a qualified candidate to fill
15 the seat until the next election;

16 (d) The person elected to represent the Fort McPherson District
17 shall reside within such district and shall be elected by the people of
18 such district once every four years beginning in the year 2028, except
19 that an election for a special two-year term shall be held in the year
20 2026. Whenever a vacancy exists, the Governor shall appoint a qualified
21 candidate to fill the seat until the next election; and

22 (e) The person elected to represent the Fort Robinson District shall
23 reside within such district and shall be elected by the people of such
24 district once every four years beginning in the year 2026. Whenever a
25 vacancy exists, the Governor shall appoint a qualified candidate to fill
26 the seat until the next election.

27 (5) The members of the board shall elect from among the district
28 representatives a chairperson to oversee the operations of the board and
29 a vice-chairperson to assist the chairperson in such duties.

30 (6) The board shall meet at least once per quarter throughout the
31 calendar year, and the meetings of the board shall be subject to the Open

1 Meetings Act.

2 (7) District representatives shall be compensated at a rate of
3 eighty thousand dollars per year until changed by the Legislature.
4 District representatives shall also be entitled to receive reimbursement
5 for expenses incurred incident to their service on the board as provided
6 in sections 81-1174 to 81-1177.

7 Sec. 43. (1) The Secretary of the Budget Equalization and Review
8 Board shall be appointed by the Governor and shall serve at the pleasure
9 of the Governor. The secretary shall serve for a term of four years
10 beginning in the year 2026 and may be reappointed by the Governor to
11 serve additional terms of office. The secretary shall be a certified
12 public accountant.

13 (2) The secretary shall create a manual for preparing budgets for
14 use by political subdivisions. The manual shall include clear directions
15 for filling out and filing any required budget forms and shall be written
16 in consultation with the Auditor of Public Accounts and the five district
17 representatives. The manual shall be approved by a majority vote of the
18 district representatives. The manual shall be updated as needed, but any
19 changes shall be approved by a majority vote of the district
20 representatives. Any proposed changes to the manual shall be reported to
21 the district representatives no less than seven days prior to a vote on
22 such changes.

23 (3) The secretary shall be responsible for maintaining a website for
24 the board. The website shall include a concise biography of each district
25 representative and the secretary. Within three calendar days after the
26 manual described in subsection (2) of this section has been approved, the
27 secretary shall make it publicly available on the website.

28 (4) The secretary shall advise the district representatives on
29 procedures contained in the manual, but the district representatives
30 shall act as the liaisons between the political subdivisions within their
31 respective districts and the board.

1 (5) The secretary shall record the minutes of any board meetings,
2 shall post the minutes of each board meeting on the website described in
3 subsection (3) of this section in a timely manner, and shall make any
4 such minutes available to the public.

5 (6) The secretary shall serve the district representatives by
6 performing any additional tasks assigned to the secretary by a majority
7 vote of the district representatives.

8 (7) The secretary shall be compensated at a rate of eighty thousand
9 dollars per year until changed by the Legislature. The secretary shall
10 also be entitled to receive reimbursement for expenses incurred while in
11 the performance of his or her duties as provided in sections 81-1174 to
12 81-1177.

13 Sec. 44. The manual described in section 43 of this act shall
14 include the following schedule for preparing budgets:

15 (1) On or before the second Monday in May of each calendar year,
16 each county shall send in writing to each political subdivision located
17 or headquartered within the county a request to prepare a preliminary
18 budget proposal, which shall include an itemized estimate of the probable
19 revenue needed for the ensuing fiscal year, actual expenses for the
20 previous five years, a five-year average of expenses, and any requests
21 for additional expenditures. The request to prepare a preliminary budget
22 proposal shall include a thirty-day deadline for submission of such
23 proposal;

24 (2) Each county and political subdivision shall prepare a
25 preliminary budget proposal and shall make such preliminary budget
26 proposal available to the public in written or electronic form no later
27 than the second Monday in June. Each preliminary budget proposal shall
28 include an itemized estimate of probable revenue needed for the ensuing
29 fiscal year, actual expenses for the previous five years, a five-year
30 average of expenses, and any requests for additional expenditures. The
31 five-year average of expenses represents the maximum amount of funding

1 that a county or political subdivision shall receive from the state;

2 (3) If a preliminary budget proposal for a county or political
3 subdivision includes a request for additional expenditures which exceeds
4 the five-year average of expenses for the county or political subdivision
5 by more than two and one-half percent, the county or political
6 subdivision shall schedule a public hearing for its preliminary budget
7 proposal to be held between the dates of July 1 and July 30. Public
8 notice of the hearing shall be given ten business days prior to the date
9 of the hearing. The agenda for any such public hearing shall include a
10 reasonable amount of time for questions and comments from the public.
11 Additional hearing dates may be scheduled at the discretion of the
12 governing body of the county or political subdivision;

13 (4) Each county and political subdivision shall make any necessary
14 changes to its preliminary budget proposal and approve the proposal by a
15 majority vote of the governing body of such county or political
16 subdivision. Political subdivisions shall submit such proposal to the
17 county in which the political subdivision is located or headquartered by
18 August 30. Each proposal shall include an itemized estimate of probable
19 revenue needed for the ensuing fiscal year, actual expenses for the
20 previous five years, a five-year average of expenses, and any requests
21 for additional expenditures;

22 (5) Each county shall prepare a countywide budget proposal which
23 includes the county's preliminary budget proposal along with the
24 preliminary budget proposals submitted by the political subdivisions
25 located or headquartered within the county. Under no circumstances shall
26 the county alter a preliminary budget proposal submitted by a political
27 subdivision;

28 (6) Each county shall submit the countywide budget proposal to the
29 district representative for the county, to the secretary, and to the
30 Auditor of Public Accounts on or before September 15. The countywide
31 budget proposal shall conform to the standardized form as prescribed in

1 the manual and shall include the county's and each political
2 subdivision's itemized estimate of probable revenue needed for the
3 ensuing fiscal year, actual expenses for the previous five years, a five-
4 year average of expenses, and any requests for additional expenditures;

5 (7) By September 24, each district representative shall notify each
6 county in his or her district and each political subdivision located or
7 headquartered within a county in his or her district, indicating whether
8 the preliminary budget proposal submitted by such county or political
9 subdivision conforms to the standards described in the manual. If the
10 district representative, the secretary, and the Auditor of Public
11 Accounts find that a preliminary budget proposal is unsatisfactory, the
12 county or political subdivision shall have until October 15 to correct
13 the proposal and submit a revised proposal to the district
14 representative, the secretary, and the Auditor of Public Accounts. If the
15 revised budget proposal remains unsatisfactory after the October 15
16 deadline, the district representative shall have authority to make any
17 necessary revisions to the budget proposal;

18 (8) Each district representative shall make a comprehensive report
19 for all of the countywide budget proposals within his or her respective
20 district and shall submit such comprehensive report to the board for
21 approval no later than October 25. Each comprehensive report shall also
22 be posted to the website described in section 43 of this act for public
23 viewing by October 25. Each comprehensive report shall require a majority
24 vote of the district representatives for approval before it can be
25 included in the statewide report described in subdivision (9) of this
26 section; and

27 (9) The secretary shall prepare a statewide report consisting of all
28 comprehensive reports approved under subdivision (8) of this section. The
29 statewide report shall be approved by a majority vote of the district
30 representatives. Once approved, the secretary shall submit the statewide
31 report to the Governor and to the chairperson of the Appropriations

1 Committee of the Legislature by November 15. The secretary shall also
2 make the report available for public viewing on the website described in
3 section 43 of this act by November 15.

4 Sec. 45. (1) There is hereby created the County Trust Fund. The
5 fund shall be used to supply political subdivisions with adequate funds
6 to run their respective operations. The Appropriations Committee of the
7 Legislature shall use the statewide report received under section 44 of
8 this act to determine the amount to be transferred each year to the
9 County Trust Fund. The State Treasurer shall transfer money to the County
10 Trust Fund as directed by the Legislature. Any money in the fund
11 available for investment shall be invested by the state investment
12 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
13 State Funds Investment Act.

14 (2) Each political subdivision shall establish a separate bank
15 account for its operations and shall supply the State Treasurer with the
16 bank account number and routing number for such account. The State
17 Treasurer shall use such information to make electronic transfers from
18 the County Trust Fund into such bank accounts each month in a manner that
19 is compliant with the annual budget passed by the Legislature.

20 Sec. 46. (1) There is hereby created the County Stabilization Fund.
21 The purpose of the County Stabilization Fund is to assist counties with
22 additional or unexpected expenditures. The Legislature may transfer money
23 into the County Stabilization Fund as needed, but at no time shall the
24 balance of the County Stabilization Fund exceed ten percent of the total
25 amount transferred for the year into the County Trust Fund pursuant to
26 section 45 of this act. If the balance of the County Stabilization Fund
27 exceeds such amount, the State Treasurer shall transfer the excess to the
28 Cash Reserve Fund. Any money in the County Stabilization Fund available
29 for investment shall be invested by the state investment officer pursuant
30 to the Nebraska Capital Expansion Act and the Nebraska State Funds
31 Investment Act.

1 (2) The Legislature shall have sole authority to determine the
2 distributions to be made from the County Stabilization Fund.
3 Distributions from the fund shall be made annually to each county based
4 on each county's SEND score. Each county's SEND score shall be calculated
5 by the district representative for such county using the method described
6 in subsection (3) of this section.

7 (3) A county's SEND score shall reflect the amount that a county
8 needs to provide standardized quality countywide services to the
9 residents of the county and shall be calculated in the following manner:

10 (a) A public service needs score shall be calculated. The public
11 service needs score measures the amount of revenue a county needs to
12 provide for basic public services, such as fire departments and police
13 departments. A complete list of public service needs shall be included in
14 the manual. To calculate the public service needs score, highways and
15 hospitals shall be excluded from the calculation. All other services
16 shall be included. A five-year average cost per person for such services
17 shall be established. The public service needs score shall be the five-
18 year average cost per person multiplied by the population of the county;

19 (b) A highway maintenance score shall be calculated. The highway
20 maintenance score measures the amount that a county is expected to spend
21 to maintain its streets, roads, and highways. A complete list of
22 expenditures for streets, roads, and highways shall be included in the
23 manual. The highway maintenance score begins by determining the average
24 amount spent per mile each year by the county to maintain its streets,
25 roads, and highways. The highway maintenance score is then calculated by
26 taking the average spending per mile for the previous five-year period
27 and multiplying that number by the number of miles of streets, roads, and
28 highways that the county is responsible for servicing. Streets, roads,
29 and highways that are under the care of a municipality or township shall
30 not be included in the highway maintenances score unless the county is
31 under contract with the municipality or township to maintain such

1 streets, roads, or highways;

2 (c) A hospital score shall be calculated. The hospital score
3 measures the added burden that some counties in Nebraska have for
4 maintaining hospitals. The hospital score begins by determining the
5 average amount spent per person each year by the county for maintaining
6 the county's hospitals. The hospital score is then calculated by taking
7 the average spending per person for the previous five-year period and
8 multiplying that number by the population of the county; and

9 (d) The SEND score shall be calculated by adding together the public
10 service needs score, the highway maintenance score, and the hospital
11 score.

12 (4) The district representative shall include the SEND score for
13 each county in his or her district in the comprehensive report submitted
14 to the board under subdivision (8) of section 44 of this act, and the
15 secretary shall include the SEND score in the statewide report submitted
16 to the Governor and the chairperson of the Appropriations Committee of
17 the Legislature under subdivision (9) of section 44 of this act. The
18 reports shall include each county's public service needs score, highway
19 maintenance score, hospital score, and overall SEND score. In deciding
20 what to fund each year, the Legislature may give preference to counties
21 with an unusually high public service needs score, highway maintenance
22 score, or hospital score. Otherwise, the Legislature shall give
23 preference to counties with the highest overall SEND scores.

24 Sec. 47. (1) There is hereby created the County Rainy Day Fund. The
25 purpose of the County Rainy Day Fund is to provide money to counties that
26 are recovering from a fire, a flood, a tornado, or any other kind of
27 natural disaster which destroys buildings or structures used for
28 governmental purposes. The Legislature may transfer money into the County
29 Rainy Day Fund as needed, but at no time shall the balance of the County
30 Rainy Day Fund exceed eight percent of the total amount transferred for
31 the year into the County Trust Fund pursuant to section 45 of this act.

1 If the balance of the County Rainy Day Fund exceeds such amount, the
2 State Treasurer shall transfer the excess to the Cash Reserve Fund. Any
3 money in the County Rainy Day Fund available for investment shall be
4 invested by the state investment officer pursuant to the Nebraska Capital
5 Expansion Act and the Nebraska State Funds Investment Act.

6 (2) The County Rainy Day Fund shall be used solely for the purposes
7 of repairing structures, replacing structures, or providing for temporary
8 shelters or temporary structures for purposes of county, municipal, or
9 township government work or work associated with any political
10 subdivision included in the countywide budget. The Legislature shall have
11 sole authority for determining whether distributions should be made from
12 the County Rainy Day Fund, except that whenever the Legislature stands in
13 recess for a period of at least five calendar days following a fire,
14 flood, tornado, or any other kind of natural disaster and the Governor
15 declares a state of emergency, the Governor may by way of executive order
16 withdraw money from the County Rainy Day Fund to repair damaged buildings
17 or structures or to provide for temporary shelters or temporary
18 structures for purposes of county, municipal, or township work, including
19 any work associated with a political subdivision included in the
20 countywide budget.

21 Sec. 48. For purposes of sections 48 to 54 of this act:

22 (1) Board means the School Equalization and Review Board created in
23 section 49 of this act;

24 (2) District representative means an individual who is elected to
25 the board to represent one of the five districts described in section 49
26 of this act; and

27 (3) Secretary means the Secretary of the School Equalization and
28 Review Board.

29 Sec. 49. (1) There is hereby created the School Equalization and
30 Review Board. The purpose of the board is to ensure that school districts
31 receive adequate representation regarding funding for their operations.

1 (2) The board shall consist of seven members comprised of five
2 district representatives, the secretary, and the Auditor of Public
3 Accounts or his or her designee. The five district representatives shall
4 have the right to vote on all matters and shall represent the five
5 districts described in subsection (3) of this section. Each district
6 representative shall have at least two years of experience as a school
7 superintendent. The secretary shall be a nonvoting, ex officio member of
8 the board. The Auditor of Public Accounts or his or her designee shall
9 also be a nonvoting, ex officio member of the board. District
10 representatives may hire staff as needed to assist them in their work.

11 (3) One district representative shall be elected from each of the
12 following districts:

13 (a) The Fort Atkinson District, which shall include the counties of
14 Cass, Sarpy, Douglas, Saunders, Washington, Dodge, Colfax, Platte, Burt,
15 Cuming, Stanton, Madison, Thurston, Wayne, Pierce, Dakota, Dixon, and
16 Cedar;

17 (b) The St. Deroin Fort District, which shall include the counties
18 of Butler, Polk, Hamilton, York, Seward, Lancaster, Otoe, Nemaha,
19 Johnson, Richardson, Pawnee, Gage, Saline, Fillmore, Clay, Jefferson,
20 Thayer, and Nuckolls;

21 (c) The Fort Hartsuff District, which shall include the counties of
22 Keya Paha, Boyd, Knox, Antelope, Holt, Rock, Brown, Garfield, Wheeler,
23 Loup, Blaine, Custer, Valley, Greeley, Sherman, Howard, Boone, Nance, and
24 Merrick;

25 (d) The Fort McPherson District, which shall include the counties of
26 Perkins, Lincoln, Dawes, Buffalo, Hall, Adams, Kearney, Phelps, Gosper,
27 Frontier, Hayes, Chase, Dundy, Hitchcock, Red Willow, Furnas, Harlan,
28 Franklin, and Webster; and

29 (e) The Fort Robinson District, which shall include the counties of
30 Sioux, Scotts Bluff, Banner, Kimball, Cheyenne, Morrill, Box Butte,
31 Dawes, Sheridan, Cherry, Garden, Deuel, Grant, Arthur, Keith, Hooker,

1 Thomas, McPherson, and Logan.

2 (4) District representatives shall be elected in the following
3 manner:

4 (a) The person elected to represent the Fort Atkinson District shall
5 reside within such district and shall be elected by the people of such
6 district once every four years beginning in the year 2028, except that an
7 election for a special two-year term shall be held in the year 2026.
8 Whenever a vacancy exists, the Governor shall appoint a qualified
9 candidate to fill the seat until the next election;

10 (b) The person elected to represent the St. Deroin Fort District
11 shall reside within such district and shall be elected by the people of
12 such district once every four years beginning in the year 2026. Whenever
13 a vacancy exists, the Governor shall appoint a qualified candidate to
14 fill the seat until the next election;

15 (c) The person elected to represent the Fort Hartsuff District shall
16 reside within such district and shall be elected by the people of such
17 district once every four years beginning in the year 2028, except that an
18 election for a special two-year term shall be held in the year 2026.
19 Whenever a vacancy exists, the Governor shall appoint a qualified
20 candidate to fill the seat until the next election;

21 (d) The person elected to represent the Fort McPherson District
22 shall reside within such district and shall be elected by the people of
23 such district once every four years beginning in the year 2026. Whenever
24 a vacancy exists, the Governor shall appoint a qualified candidate to
25 fill the seat until the next election; and

26 (e) The person elected to represent the Fort Robinson District shall
27 reside within such district and shall be elected by the people of such
28 district once every four years beginning in the year 2028, except that an
29 election for a special two-year term shall be held in the year 2026.
30 Whenever a vacancy exists, the Governor shall appoint a qualified
31 candidate to fill the seat until the next election.

1 (5) The members of the board shall elect from among the district
2 representatives a chairperson to oversee the operations of the board and
3 a vice-chairperson to assist the chairperson in such duties.

4 (6) The board shall meet at least once per quarter throughout the
5 calendar year, and the meetings of the board shall be subject to the Open
6 Meetings Act.

7 (7) District representatives shall be compensated at a rate of
8 eighty thousand dollars per year until changed by the Legislature.
9 District representatives shall also be entitled to receive reimbursement
10 for expenses incurred incident to their service on the board as provided
11 in sections 81-1174 to 81-1177.

12 Sec. 50. (1) The Secretary of the School Equalization and Review
13 Board shall be appointed by the Governor and shall serve at the pleasure
14 of the Governor. The secretary shall serve for a term of four years
15 beginning in the year 2026 and may be reappointed by the Governor to
16 serve additional terms of office. The secretary shall be a certified
17 public accountant or have at least four years of experience as a school
18 superintendent.

19 (2) The secretary shall create a manual for preparing budgets for
20 use by school districts. The manual shall include clear directions for
21 filling out and filing any required budget forms and shall be written in
22 consultation with the Auditor of Public Accounts and the five district
23 representatives. The manual shall be approved by a majority vote of the
24 district representatives. The manual shall be updated as needed, but any
25 changes shall be approved by a majority vote of the district
26 representatives. Any proposed changes to the manual shall be reported to
27 the district representatives no less than seven days prior to a vote on
28 such changes.

29 (3) The secretary shall be responsible for maintaining a website for
30 the board. The website shall include a concise biography of each district
31 representative and the secretary. Within three calendar days after the

1 manual described in subsection (2) of this section has been approved, the
2 secretary shall make it publicly available on the website.

3 (4) The secretary shall advise the district representatives on
4 procedures contained in the manual, but the district representatives
5 shall act as the liaisons between the schools within their respective
6 districts and the board.

7 (5) The secretary shall record the minutes of any board meetings,
8 shall post the minutes of each board meeting on the website described in
9 subsection (3) of this section in a timely manner, and shall make any
10 such minutes available to the public.

11 (6) The secretary shall serve the district representatives by
12 performing any additional tasks assigned to the secretary by a majority
13 vote of the district representatives.

14 (7) The secretary shall be compensated at a rate of eighty thousand
15 dollars per year until changed by the Legislature. The secretary shall
16 also be entitled to receive reimbursement for expenses incurred while in
17 the performance of his or her duties as provided in sections 81-1174 to
18 81-1177.

19 Sec. 51. The manual described in section 50 of this act shall
20 include the following schedule for preparing budgets:

21 (1) Each school board shall prepare an annual budget proposal by the
22 second Monday of June of each calendar year which shall apply to the
23 ensuing school year. The annual budget proposal shall include an average
24 per student cost for each of the schools within the school district. The
25 school board shall use the number of registered students in each school
26 on April 30 of the current calendar year to determine the average per
27 student cost for the ensuing school year. The school board shall also
28 include in its annual budget proposal a district-wide average per student
29 cost along with any other requests for additional expenditures per
30 school. The annual budget proposal shall include the school district's
31 budgets from the five previous years along with a five-year average. The

1 five-year average, plus two percent, shall represent the maximum amount
2 of funding that a school district shall receive from the state. The
3 annual budget proposal shall be made available for viewing by the public
4 on the school district's website no later than June 30;

5 (2) Each school board shall make any necessary adjustments to its
6 annual budget proposal and shall approve the annual budget proposal no
7 later than July 30 and shall post the revised budget proposal to the
8 school district's website no later than August 10;

9 (3) Upon approval of the annual budget proposal, each school board
10 shall submit its annual budget proposal to its district representative,
11 to the secretary, and to the Auditor of Public Accounts by August 15;

12 (4) The district representative for the school district, the
13 secretary, and the Auditor of Public Accounts shall review the school
14 district's budget proposal, and the district representative shall notify
15 the school district whether the budget proposal conforms to the standards
16 as outlined in the manual by August 30. If the district representative,
17 the secretary, and the Auditor of Public Accounts find that a school
18 district's budget proposal is unsatisfactory, the school board shall have
19 until September 30 to correct the proposal and submit a revised proposal
20 to the district representative, the secretary, and the Auditor of Public
21 Accounts. If the revised budget proposal remains unsatisfactory after the
22 September 30 deadline, the district representative, in consultation with
23 the secretary and the Auditor of Public accounts, shall make any
24 necessary revisions to the budget proposal;

25 (5) Each district representative shall submit a district-wide report
26 of all of the school districts within the representative's jurisdiction
27 to the board for approval. Each district-wide report shall require a
28 majority vote of the district representatives for approval before it can
29 be included in the statewide report described in subdivision (6) of this
30 section; and

31 (6) The secretary shall prepare a statewide report consisting of all

1 district-wide reports approved under subdivision (5) of this section. The
2 statewide report shall be approved by a majority vote of the district
3 representatives. Once approved, the secretary shall submit the statewide
4 report to the Governor and to the chairperson of the Appropriations
5 Committee of the Legislature by November 15. The secretary shall also
6 make the report available for public viewing on the website described in
7 section 50 of this act by November 15.

8 Sec. 52. (1) There is hereby created the Education Trust Fund. The
9 purpose of the Education Trust Fund is to provide for the free
10 instruction in the common schools of this state as required under Article
11 VII, section 1, of the Constitution of Nebraska. In order to ensure that
12 all students between the ages of five and twenty-one years attending the
13 common schools in this state have the opportunity to receive a free
14 education, the Legislature shall transfer money into the Education Trust
15 Fund annually to cover the five-year average operational costs per school
16 plus two percent for all public schools operating within the state.

17 (2) The Appropriations Committee of the Legislature shall use the
18 statewide report received under section 51 of this act to determine the
19 amount to be transferred each year to the Education Trust Fund. The State
20 Treasurer shall transfer money to the Education Trust Fund as directed by
21 the Legislature. Any money in the fund available for investment shall be
22 invested by the state investment officer pursuant to the Nebraska Capital
23 Expansion Act and the Nebraska State Funds Investment Act.

24 (3) Each school district shall establish a separate bank account for
25 its operations and shall supply the State Treasurer with the bank account
26 number and routing number for such account. The State Treasurer shall use
27 such information to make electronic transfers from the Education Trust
28 Fund into such bank accounts each month in a manner that is compliant
29 with the annual budget passed by the Legislature.

30 Sec. 53. (1) There is hereby created the Education Stabilization
31 Fund. The purpose of the Education Stabilization Fund is to ensure that

1 every school district receives adequate funding for its operations. The
2 Legislature may transfer money into the Education Stabilization Fund as
3 needed, but at no time shall the balance of the Education Stabilization
4 Fund exceed ten percent of the total amount transferred for the year into
5 the Education Trust Fund pursuant to section 52 of this act. If the
6 balance of the Education Stabilization Fund exceeds such amount, the
7 State Treasurer shall transfer the excess to the Cash Reserve Fund. Any
8 money in the Education Stabilization Fund available for investment shall
9 be invested by the state investment officer pursuant to the Nebraska
10 Capital Expansion Act and the Nebraska State Funds Investment Act.

11 (2) The Legislature shall have sole authority to determine the
12 distributions to be made from the Education Stabilization Fund.
13 Distributions from the fund shall be made annually to each school
14 district based on each school district's stabilization score. Each school
15 district's stabilization score shall be calculated by the district
16 representative for such school district as follows:

17 (a) A special student needs score shall be calculated by adding
18 together the number of students with physical disabilities, the number of
19 special education students, the number of students with learning
20 disabilities, and the number of students learning English as a second
21 language on April 30 and dividing that number by the total number of
22 students enrolled in the district on April 30. If a student fits into
23 more than one of the categories listed in this subdivision, he or she
24 shall be included in the total for each such category;

25 (b) A transportation score shall be calculated by adding up the
26 total number of miles traveled by school buses and parents throughout the
27 school district during the month of April and dividing that number by
28 thirty. The number of miles traveled by school buses and parents shall
29 include transportation of students to and from school, for field trips,
30 and for after school activities;

31 (c) A technology score shall be calculated by adding up the number

1 of computers owned by the school district on April 30 and dividing that
2 number by the total number of students enrolled in the district on April
3 30;

4 (d) A textbook score shall be calculated by adding up the number of
5 textbooks owned by the school district on April 30 and dividing that
6 number by the total number of students enrolled in the district on April
7 30;

8 (e) A poverty score shall be calculated by adding up the total
9 number of students receiving federally subsidized school lunches during
10 the month of April and dividing that number by the total number of
11 students enrolled in the school district on April 30; and

12 (f) The stabilization score shall be calculated by adding together
13 the special student needs score, the transportation score, the technology
14 score, the textbook score, and the poverty score.

15 (3) The district representative shall include the stabilization
16 score for each school district within his or her jurisdiction in the
17 district-wide report submitted to the board under subdivision (5) of
18 section 51 of this act, and the secretary shall include the stabilization
19 score in the statewide report submitted to the Governor and the
20 chairperson of the Appropriations Committee of the Legislature under
21 subdivision (6) of section 51 of this act. The reports shall include each
22 school district's special student needs score, transportation score,
23 technology score, textbook score, poverty score, and overall
24 stabilization score. In deciding what to fund each year, the Legislature
25 may give preference to school districts with an unusually high special
26 student needs score, transportation score, technology score, textbook
27 score, or poverty score. Otherwise, the Legislature shall give preference
28 to school districts with the highest overall stabilization scores.

29 Sec. 54. (1) There is hereby created the Education Facilities and
30 Growth Fund. The purpose of the Education Facilities and Growth Fund is
31 to provide money to school districts for the construction of new

1 buildings and facilities, the maintenance of current buildings and
2 facilities, and growth promotion. The Legislature may transfer money into
3 the Education Facilities and Growth Fund as needed, but at no time shall
4 the balance of the Education Facilities and Growth Fund exceed eight
5 percent of the total amount transferred for the year into the Education
6 Trust Fund pursuant to section 52 of this act. If the balance of the
7 Education Facilities and Growth Fund exceeds such amount, the State
8 Treasurer shall transfer the excess to the Cash Reserve Fund. Any money
9 in the Education Facilities and Growth Fund available for investment
10 shall be invested by the state investment officer pursuant to the
11 Nebraska Capital Expansion Act and the Nebraska State Funds Investment
12 Act.

13 (2) The Education Facilities and Growth Fund shall be used solely
14 for the purposes of building new structures or facilities, repairing or
15 replacing current structures or facilities, promoting new programs,
16 expanding current programs, or enhancing current programs.

17 (3) Each district representative shall include requests for projects
18 to be funded from the Education Facilities and Growth Fund each year in
19 the district-wide report submitted to the board pursuant to subdivision
20 (5) of section 51 of this act. The secretary shall include such requests
21 in the statewide report submitted to the Governor and the chairperson of
22 the Appropriations Committee of the Legislature pursuant to subdivision
23 (6) of section 51 of this act.

24 (4) The Legislature shall have sole authority for determining which
25 projects receive funding each year from the Education Facilities and
26 Growth Fund.

27 Sec. 55. Section 13-319, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 13-319 Any county by resolution of the governing body may impose a
30 sales and use tax of one-half percent, one percent, or one and one-half
31 percent upon the same transactions sourced as provided in sections

1 77-2703.01 to 77-2703.04 within the county, but outside any incorporated
2 municipality which has adopted a local sales tax pursuant to section
3 77-27,142, on which the state is authorized to impose a tax pursuant to
4 the Nebraska Revenue Act of 1967, as amended from time to time. Any sales
5 and use tax imposed pursuant to this section must be used (1) to finance
6 public safety services provided by a public safety commission, (2) to
7 provide the county share of funds required under any other agreement
8 executed under the Interlocal Cooperation Act or Joint Public Agency Act,
9 or (3) to finance public safety services provided by the county. A sales
10 and use tax shall not be imposed pursuant to this section until an
11 election has been held and a majority of the qualified electors have
12 approved the tax pursuant to sections 13-322 and 13-323. A sales and use
13 tax shall not be imposed pursuant to this section if the county is
14 imposing a tax pursuant to section 77-6403. Any sales and use tax imposed
15 pursuant to this section shall terminate as provided in section 3 of this
16 act.

17 Sec. 56. Section 13-501, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 13-501 (1) Sections 13-501 to 13-513 shall be known and may be
20 cited as the Nebraska Budget Act.

21 (2) The Nebraska Budget Act shall apply until January 1, 2026. On
22 and after such date, the budgetary process shall be governed by the
23 Nebraska EPIC Option Consumption Tax Act.

24 Sec. 57. Section 13-2813, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 13-2813 (1) A municipal county by ordinance of its council may
27 impose a sales and use tax of one-half percent, one percent, or one and
28 one-half percent upon the same transactions within the entire municipal
29 county on which the state is authorized to impose a tax pursuant to the
30 Nebraska Revenue Act of 1967, as amended from time to time.

31 (2) A municipal county shall not impose a new sales and use tax,

1 increase the tax, or extend the territory of an existing sales and use
2 tax until an election is held and a majority of the registered voters as
3 provided in section 13-2810 have approved the tax, increase, or
4 extension. The ballot issue proposing approval of a new sales and use tax
5 or the increase or territorial extension of an existing sales and use tax
6 may be combined with the issue proposing creation of a municipal county.

7 (3) Any sales and use tax imposed pursuant to this section shall
8 terminate as provided in section 3 of this act.

9 Sec. 58. Section 18-2147, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 18-2147 (1) Any redevelopment plan as originally approved or as
12 later modified pursuant to section 18-2117 may contain a provision that
13 any ad valorem tax levied upon real property, or any portion thereof, in
14 a redevelopment project for the benefit of any public body shall be
15 divided, for the applicable period described in subsection (3) of this
16 section, as follows:

17 (a) That portion of the ad valorem tax which is produced by the levy
18 at the rate fixed each year by or for each such public body upon the
19 redevelopment project valuation shall be paid into the funds of each such
20 public body in the same proportion as are all other taxes collected by or
21 for the body. When there is not a redevelopment project valuation on a
22 parcel or parcels, the county assessor shall determine the redevelopment
23 project valuation based upon the fair market valuation of the parcel or
24 parcels as of January 1 of the year prior to the year that the ad valorem
25 taxes are to be divided. The county assessor shall provide written notice
26 of the redevelopment project valuation to the authority as defined in
27 section 18-2103 and the owner. The authority or owner may protest the
28 valuation to the county board of equalization within thirty days after
29 the date of the valuation notice. All provisions of section 77-1502
30 except dates for filing of a protest, the period for hearing protests,
31 and the date for mailing notice of the county board of equalization's

1 decision are applicable to any protest filed pursuant to this section.
2 The county board of equalization shall decide any protest filed pursuant
3 to this section within thirty days after the filing of the protest. The
4 county clerk shall mail a copy of the decision made by the county board
5 of equalization on protests pursuant to this section to the authority or
6 owner within seven days after the board's decision. Any decision of the
7 county board of equalization may be appealed to the Tax Equalization and
8 Review Commission, in accordance with section 77-5013, within thirty days
9 after the date of the decision;

10 (b) That portion of the ad valorem tax on real property, as provided
11 in the redevelopment contract, bond resolution, or redevelopment plan, as
12 applicable, in the redevelopment project in excess of such amount, if
13 any, shall be allocated to and, when collected, paid into a special fund
14 of the authority to be used solely to pay the principal of, the interest
15 on, and any premiums due in connection with the bonds of, loans, notes,
16 or advances of money to, or indebtedness incurred by, whether funded,
17 refunded, assumed, or otherwise, such authority for financing or
18 refinancing, in whole or in part, the redevelopment project. When such
19 bonds, loans, notes, advances of money, or indebtedness, including
20 interest and premiums due, have been paid, the authority shall so notify
21 the county assessor and county treasurer and all ad valorem taxes upon
22 taxable real property in such a redevelopment project shall be paid into
23 the funds of the respective public bodies. An authority may use a single
24 fund for purposes of this subdivision for all redevelopment projects or
25 may use a separate fund for each redevelopment project; and

26 (c) Any interest and penalties due for delinquent taxes shall be
27 paid into the funds of each public body in the same proportion as are all
28 other taxes collected by or for the public body.

29 (2) To the extent that a redevelopment plan authorizes the division
30 of ad valorem taxes levied upon only a portion of the real property
31 included in such redevelopment plan, any improvements funded by such

1 division of taxes shall be related to the redevelopment plan that
2 authorized such division of taxes.

3 (3)(a) For any redevelopment plan for which more than fifty percent
4 of the property in the redevelopment project area has been declared an
5 extremely blighted area in accordance with section 18-2101.02, ad valorem
6 taxes shall be divided for a period not to exceed twenty years after the
7 effective date as identified in the project redevelopment contract or in
8 the resolution of the authority authorizing the issuance of bonds
9 pursuant to section 18-2124.

10 (b) For all other redevelopment plans, ad valorem taxes shall be
11 divided for a period not to exceed fifteen years after the effective date
12 as identified in the project redevelopment contract, in the resolution of
13 the authority authorizing the issuance of bonds pursuant to section
14 18-2124, or in the redevelopment plan, whichever is applicable.

15 (4) The effective date of a provision dividing ad valorem taxes as
16 provided in subsection (3) of this section shall not occur until such
17 time as the real property in the redevelopment project is within the
18 corporate boundaries of the city. This subsection shall not apply to a
19 redevelopment project involving a formerly used defense site as
20 authorized in section 18-2123.01.

21 (5) Beginning August 1, 2006, all notices of the provision for
22 dividing ad valorem taxes shall be sent by the authority to the county
23 assessor on forms prescribed by the Property Tax Administrator. The
24 notice shall be sent to the county assessor on or before August 1 of the
25 year of the effective date of the provision. Failure to satisfy the
26 notice requirement of this section shall result in the taxes, for all
27 taxable years affected by the failure to give notice of the effective
28 date of the provision, remaining undivided and being paid into the funds
29 for each public body receiving property taxes generated by the property
30 in the redevelopment project. However, the redevelopment project
31 valuation for the remaining division of ad valorem taxes in accordance

1 with subdivisions (1)(a) and (b) of this section shall be the last
2 certified valuation for the taxable year prior to the effective date of
3 the provision to divide the taxes for the remaining portion of the
4 twenty-year or fifteen-year period pursuant to subsection (3) of this
5 section.

6 (6) The division of taxes authorized in this section shall terminate
7 when the property tax terminates in accordance with section 4 of this
8 act.

9 Sec. 59. Section 77-201, Revised Statutes Cumulative Supplement,
10 2022, is amended to read:

11 77-201 (1) Except as provided in subsections (2) through (4) and (6)
12 of this section, all real property in this state, not expressly exempt
13 therefrom, shall be subject to taxation and shall be valued at its actual
14 value.

15 (2) Agricultural land and horticultural land as defined in section
16 77-1359 shall constitute a separate and distinct class of property for
17 purposes of property taxation, shall be subject to taxation, unless
18 expressly exempt from taxation, and shall be valued at seventy-five
19 percent of its actual value, except that for school district taxes levied
20 to pay the principal and interest on bonds that are approved by a vote of
21 the people on or after January 1, 2022, such land shall be valued at
22 fifty percent of its actual value.

23 (3) Agricultural land and horticultural land actively devoted to
24 agricultural or horticultural purposes which has value for purposes other
25 than agricultural or horticultural uses and which meets the
26 qualifications for special valuation under section 77-1344 shall
27 constitute a separate and distinct class of property for purposes of
28 property taxation, shall be subject to taxation, and shall be valued for
29 taxation at seventy-five percent of its special valuation as defined in
30 section 77-1343, except that for school district taxes levied to pay the
31 principal and interest on bonds that are approved by a vote of the people

1 on or after January 1, 2022, such land shall be valued at fifty percent
2 of its special valuation as defined in section 77-1343.

3 (4) Historically significant real property which meets the
4 qualifications for historic rehabilitation valuation under sections
5 77-1385 to 77-1394 shall be valued for taxation as provided in such
6 sections.

7 (5) Tangible personal property, not including motor vehicles,
8 trailers, and semitrailers registered for operation on the highways of
9 this state, shall constitute a separate and distinct class of property
10 for purposes of property taxation, shall be subject to taxation, unless
11 expressly exempt from taxation, and shall be valued at its net book
12 value. Tangible personal property transferred as a gift or devise or as
13 part of a transaction which is not a purchase shall be subject to
14 taxation based upon the date the property was acquired by the previous
15 owner and at the previous owner's Nebraska adjusted basis. Tangible
16 personal property acquired as replacement property for converted property
17 shall be subject to taxation based upon the date the converted property
18 was acquired and at the Nebraska adjusted basis of the converted property
19 unless insurance proceeds are payable by reason of the conversion. For
20 purposes of this subsection, (a) converted property means tangible
21 personal property which is compulsorily or involuntarily converted as a
22 result of its destruction in whole or in part, theft, seizure,
23 requisition, or condemnation, or the threat or imminence thereof, and no
24 gain or loss is recognized for federal or state income tax purposes by
25 the holder of the property as a result of the conversion and (b)
26 replacement property means tangible personal property acquired within two
27 years after the close of the calendar year in which tangible personal
28 property was converted and which is, except for date of construction or
29 manufacture, substantially the same as the converted property.

30 (6) The property tax imposed pursuant to Chapter 77 shall terminate
31 as provided in section 4 of this act.

1 Sec. 60. Section 77-2004, Revised Statutes Cumulative Supplement,
2 2022, is amended to read:

3 77-2004 (1) In the case of a father, mother, grandfather,
4 grandmother, brother, sister, son, daughter, child or children legally
5 adopted as such in conformity with the laws of the state where adopted,
6 any lineal descendant, any lineal descendant legally adopted as such in
7 conformity with the laws of the state where adopted, any person to whom
8 the deceased for not less than ten years prior to death stood in the
9 acknowledged relation of a parent, or the spouse or surviving spouse of
10 any such persons, the rate of tax shall be:

11 (a) For decedents dying prior to January 1, 2023, one percent of the
12 clear market value of the property received by each person in excess of
13 forty thousand dollars; and

14 (b) For decedents dying on or after January 1, 2023, one percent of
15 the clear market value of the property received by each person in excess
16 of one hundred thousand dollars.

17 (2) Any interest in property, including any interest acquired in the
18 manner set forth in section 77-2002, which may be valued at a sum less
19 than or equal to the applicable exempt amount under subsection (1) of
20 this section shall not be subject to tax. In addition the homestead
21 allowance, exempt property, and family maintenance allowance shall not be
22 subject to tax. Interests passing to the surviving spouse by will, in the
23 manner set forth in section 77-2002, or in any other manner shall not be
24 subject to tax. Any interest passing to a person described in subsection
25 (1) of this section who is under twenty-two years of age shall not be
26 subject to tax.

27 (3) The tax imposed pursuant to this section shall terminate as
28 provided in section 5 of this act.

29 Sec. 61. Section 77-2005, Revised Statutes Cumulative Supplement,
30 2022, is amended to read:

31 77-2005 (1) In the case of an uncle, aunt, niece, or nephew related

1 to the deceased by blood or legal adoption, or other lineal descendant of
2 the same, or the spouse or surviving spouse of any of such persons, the
3 rate of tax shall be:

4 (a) For decedents dying prior to January 1, 2023, thirteen percent
5 of the clear market value of the property received by each person in
6 excess of fifteen thousand dollars; and

7 (b) For decedents dying on or after January 1, 2023, eleven percent
8 of the clear market value of the property received by each person in
9 excess of forty thousand dollars.

10 (2) If the clear market value of the beneficial interest is less
11 than or equal to the applicable exempt amount under subsection (1) of
12 this section, it shall not be subject to tax. In addition, any interest
13 passing to a person described in subsection (1) of this section who is
14 under twenty-two years of age shall not be subject to tax.

15 (3) The tax imposed pursuant to this section shall terminate as
16 provided in section 5 of this act.

17 Sec. 62. Section 77-2006, Revised Statutes Cumulative Supplement,
18 2022, is amended to read:

19 77-2006 (1) In all other cases the rate of tax shall be:

20 (a) For decedents dying prior to January 1, 2023, eighteen percent
21 of the clear market value of the beneficial interests received by each
22 person in excess of ten thousand dollars; and

23 (b) For decedents dying on or after January 1, 2023, fifteen percent
24 of the clear market value of the beneficial interests received by each
25 person in excess of twenty-five thousand dollars.

26 (2) If the clear market value of the beneficial interest is less
27 than or equal to the applicable exempt amount under subsection (1) of
28 this section, it shall not be subject to any tax. In addition, any
29 interest passing to a person who is under twenty-two years of age shall
30 not be subject to tax.

31 (3) The tax imposed pursuant to this section shall terminate as

1 provided in section 5 of this act.

2 Sec. 63. Section 77-2701, Revised Statutes Cumulative Supplement,
3 2022, is amended to read:

4 77-2701 (1) Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235,
5 77-27,236, and 77-27,238 to 77-27,240 shall be known and may be cited as
6 the Nebraska Revenue Act of 1967.

7 (2) The sales and use tax and the income tax imposed pursuant to the
8 Nebraska Revenue Act of 1967 shall terminate as provided in section 3 of
9 this act.

10 Sec. 64. Section 77-27,148, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 77-27,148 (1) Sections 77-27,142 to 77-27,148 may be cited as the
13 Local Option Revenue Act.

14 (2) Any sales and use tax imposed pursuant to the Local Option
15 Revenue Act shall terminate as provided in section 3 of this act.

16 Sec. 65. Section 77-3506, Revised Statutes Cumulative Supplement,
17 2022, is amended to read:

18 77-3506 (1) All homesteads in this state shall be assessed for
19 taxation the same as other property, except that there shall be exempt
20 from taxation, on any homestead described in subsection (2) of this
21 section, one hundred percent of the exempt amount.

22 (2) The exemption described in subsection (1) of this section shall
23 apply to homesteads of:

24 (a) A veteran who was discharged or otherwise separated with a
25 characterization of honorable or general (under honorable conditions),
26 who is drawing compensation from the United States Department of Veterans
27 Affairs because of one hundred percent service-connected disability, and
28 who is not eligible for total exemption under sections 77-3526 to
29 77-3528, an unremarried surviving spouse of such a veteran, or a
30 surviving spouse of such a veteran who remarries after attaining the age
31 of fifty-seven years;

1 (b) An unremarried surviving spouse of any veteran, including a
2 veteran other than a veteran described in section 80-401.01, who was
3 discharged or otherwise separated with a characterization of honorable or
4 general (under honorable conditions) and who died because of a service-
5 connected disability or a surviving spouse of such a veteran who
6 remarries after attaining the age of fifty-seven years;

7 (c) An unremarried surviving spouse of a serviceman or servicewoman,
8 including a veteran other than a veteran described in section 80-401.01,
9 whose death while on active duty was service-connected or a surviving
10 spouse of such a serviceman or servicewoman who remarries after attaining
11 the age of fifty-seven years; and

12 (d) An unremarried surviving spouse of a serviceman or servicewoman
13 who died while on active duty during the periods described in section
14 80-401.01 or a surviving spouse of such a serviceman or servicewoman who
15 remarries after attaining the age of fifty-seven years.

16 (3) Application for exemption under this section shall include
17 certification of the status set forth in subsection (2) of this section
18 from the United States Department of Veterans Affairs. Such certification
19 shall not be required in succeeding years if no change in status has
20 occurred, except that the county assessor or the Tax Commissioner may
21 request such certification to verify that no change in status has
22 occurred.

23 (4) The exemption provided in this section shall only apply with
24 respect to years in which a property tax is imposed. The exemption shall
25 terminate when the property tax terminates in accordance with section 4
26 of this act.

27 Sec. 66. Section 77-3507, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 77-3507 (1) All homesteads in this state shall be assessed for
30 taxation the same as other property, except that there shall be exempt
31 from taxation on homesteads of qualified claimants a percentage of the

1 exempt amount as limited by section 77-3506.03. The percentage of the
2 exempt amount shall be determined based on the household income of a
3 claimant pursuant to subsections (2) through (4) of this section.

4 (2) For 2014, for a qualified married or closely related claimant,
5 the percentage of the exempt amount for which the claimant shall be
6 eligible shall be the percentage in Column B which corresponds with the
7 claimant's household income in Column A in the table found in this
8 subsection.

9	Column A	Column B
10	Household Income	Percentage
11	In Dollars	Of Relief
12	0 through 31,600	100
13	31,601 through 33,300	90
14	33,301 through 35,000	80
15	35,001 through 36,700	70
16	36,701 through 38,400	60
17	38,401 through 40,100	50
18	40,101 through 41,800	40
19	41,801 through 43,500	30
20	43,501 through 45,200	20
21	45,201 through 46,900	10
22	46,901 and over	0

23 (3) For 2014, for a qualified single claimant, the percentage of the
24 exempt amount for which the claimant shall be eligible shall be the
25 percentage in Column B which corresponds with the claimant's household
26 income in Column A in the table found in this subsection.

27	Column A	Column B
28	Household Income	Percentage
29	In Dollars	Of Relief
30	0 through 26,900	100

1	26,901 through 28,300	90
2	28,301 through 29,700	80
3	29,701 through 31,100	70
4	31,101 through 32,500	60
5	32,501 through 33,900	50
6	33,901 through 35,300	40
7	35,301 through 36,700	30
8	36,701 through 38,100	20
9	38,101 through 39,500	10
10	39,501 and over	0

11 (4) For exemption applications filed in calendar years 2015 through
12 2017, the income eligibility amounts in subsections (2) and (3) of this
13 section shall be adjusted by the percentage determined pursuant to the
14 provisions of section 1(f) of the Internal Revenue Code of 1986, as it
15 existed prior to December 22, 2017. For exemption applications filed in
16 calendar year 2018 and each calendar year thereafter, the income
17 eligibility amounts in subsections (2) and (3) of this section shall be
18 adjusted by the percentage change in the Consumer Price Index for All
19 Urban Consumers published by the federal Bureau of Labor Statistics from
20 the twelve months ending on August 31, 2016, to the twelve months ending
21 on August 31 of the year preceding the applicable calendar year. The
22 income eligibility amounts shall be adjusted for cumulative inflation
23 since 2014. If any amount is not a multiple of one hundred dollars, the
24 amount shall be rounded to the next lower multiple of one hundred
25 dollars.

26 (5) The exemption provided in this section shall only apply with
27 respect to years in which a property tax is imposed. The exemption shall
28 terminate when the property tax terminates in accordance with section 4
29 of this act.

30 Sec. 67. Section 77-3508, Revised Statutes Cumulative Supplement,
31 2022, is amended to read:

1 77-3508 (1)(a) All homesteads in this state shall be assessed for
2 taxation the same as other property, except that there shall be exempt
3 from taxation, on any homestead described in subdivision (b) of this
4 subsection, a percentage of the exempt amount as limited by section
5 77-3506.03. The exemption shall be based on the household income of a
6 claimant pursuant to subsections (2) through (4) of this section.

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

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

13 (ii) Individuals who have a permanent physical disability and have
14 lost all mobility so as to preclude locomotion without the use of a
15 mechanical aid or a prosthetic device as defined in section 77-2704.09;

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

19 (iv) Beginning January 1, 2015, individuals who have a developmental
20 disability as defined in section 83-1205.

21 (c) Application for the exemption described in subdivision (a) of
22 this subsection shall include certification from a qualified medical
23 physician, physician assistant, or advanced practice registered nurse for
24 subdivisions (b)(i) through (b)(iii) of this subsection, certification
25 from the United States Department of Veterans Affairs affirming that the
26 homeowner is totally disabled due to non-service-connected accident or
27 illness for subdivision (b)(i) of this subsection, or certification from
28 the Department of Health and Human Services for subdivision (b)(iv) of
29 this subsection. Such certification from a qualified medical physician,
30 physician assistant, or advanced practice registered nurse or from the
31 Department of Health and Human Services shall be made on forms prescribed

1 by the Department of Revenue. If an individual described in subdivision
2 (b)(i), (ii), (iii), or (iv) of this subsection is granted a homestead
3 exemption pursuant to this section for any year, such individual shall
4 not be required to submit the certification required under this
5 subdivision in succeeding years if no change in medical condition has
6 occurred, except that the county assessor or the Tax Commissioner may
7 request such certification to verify that no change in medical condition
8 has occurred.

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

14	Column A	Column B
15	Household Income	Percentage
16	In Dollars	Of Relief
17	0 through 34,700	100
18	34,701 through 36,400	90
19	36,401 through 38,100	80
20	38,101 through 39,800	70
21	39,801 through 41,500	60
22	41,501 through 43,200	50
23	43,201 through 44,900	40
24	44,901 through 46,600	30
25	46,601 through 48,300	20
26	48,301 through 50,000	10
27	50,001 and over	0

28 (3) For 2014, for a single claimant as described in subsection (1)
29 of this section, the percentage of the exempt amount for which the
30 claimant shall be eligible shall be the percentage in Column B which
31 corresponds with the claimant's household income in Column A in the table

1 found in this subsection.

2	Column A	Column B
3	Household Income	Percentage
4	In Dollars	Of Relief
5	0 through 30,300	100
6	30,301 through 31,700	90
7	31,701 through 33,100	80
8	33,101 through 34,500	70
9	34,501 through 35,900	60
10	35,901 through 37,300	50
11	37,301 through 38,700	40
12	38,701 through 40,100	30
13	40,101 through 41,500	20
14	41,501 through 42,900	10
15	42,901 and over	0

16 (4) For exemption applications filed in calendar years 2015 through
17 2017, the income eligibility amounts in subsections (2) and (3) of this
18 section shall be adjusted by the percentage determined pursuant to the
19 provisions of section 1(f) of the Internal Revenue Code of 1986, as it
20 existed prior to December 22, 2017. For exemption applications filed in
21 calendar year 2018 and each calendar year thereafter, the income
22 eligibility amounts in subsections (2) and (3) of this section shall be
23 adjusted by the percentage change in the Consumer Price Index for All
24 Urban Consumers published by the federal Bureau of Labor Statistics from
25 the twelve months ending on August 31, 2016, to the twelve months ending
26 on August 31 of the year preceding the applicable calendar year. The
27 income eligibility amounts shall be adjusted for cumulative inflation
28 since 2014. If any amount is not a multiple of one hundred dollars, the
29 amount shall be rounded to the next lower multiple of one hundred
30 dollars.

31 (5) The exemption provided in this section shall only apply with

1 respect to years in which a property tax is imposed. The exemption shall
2 terminate when the property tax terminates in accordance with section 4
3 of this act.

4 Sec. 68. Section 77-6406, Revised Statutes Cumulative Supplement,
5 2022, is amended to read:

6 77-6406 Any sales and use tax imposed pursuant to the The Qualified
7 Judgment Payment Act shall terminate as provided in section 3 of this act
8 terminates on January 1, 2027.

9 Sec. 69. Section 77-6827, Revised Statutes Cumulative Supplement,
10 2022, is amended to read:

11 77-6827 (1) In order to utilize the incentives allowed in the
12 ImagiNE Nebraska Act, the taxpayer shall file an application with the
13 director, on a form developed by the director, requesting an agreement.

14 (2) The application shall:

15 (a) Identify the taxpayer applying for incentives;

16 (b) Identify all locations sought to be within the agreement and the
17 reason each such location constitutes or is expected to constitute a
18 qualified location;

19 (c) State the estimated, projected amount of new investment and the
20 estimated, projected number of new employees;

21 (d) Identify the required levels of employment and investment for
22 the various incentives listed within section 77-6831 that will govern the
23 agreement. The taxpayer may identify different levels of employment and
24 investment until the first December 31 following the end of the ramp-up
25 period on a form approved by the director. The identified levels of
26 employment and investment will govern all years covered under the
27 agreement;

28 (e) Identify whether the agreement is for a single qualified
29 location, all qualified locations within a county, all qualified
30 locations in more than one county, or all qualified locations within the
31 state;

1 (f) Acknowledge that the taxpayer understands the requirements for
2 offering health coverage, and for reporting the value of such coverage,
3 as specified in the Imagine Nebraska Act;

4 (g) Acknowledge that the taxpayer does not violate any state or
5 federal law against discrimination;

6 (h) Acknowledge that the taxpayer understands the requirements for
7 providing a sufficient package of benefits to its employees as specified
8 in the Imagine Nebraska Act; and

9 (i) Contain a nonrefundable application fee of five thousand
10 dollars. The fee shall be remitted to the State Treasurer for credit to
11 the Nebraska Incentives Fund.

12 (3) An application must be complete to establish the date of the
13 application. An application shall be considered complete once it contains
14 the items listed in subsection (2) of this section.

15 (4) Once satisfied that the application is consistent with the
16 purposes stated in the Imagine Nebraska Act for one or more qualified
17 locations within this state, the director shall approve the application,
18 subject to the base authority limitations provided in section 77-6839.

19 (5) The director shall make his or her determination to approve or
20 not approve an application within ninety days after the date of the
21 application. If the director requests, by mail or by electronic means,
22 additional information or clarification from the taxpayer in order to
23 make his or her determination, such ninety-day period shall be tolled
24 from the time the director makes the request to the time he or she
25 receives the requested information or clarification from the taxpayer.
26 The taxpayer and the director may also agree to extend the ninety-day
27 period. If the director fails to make his or her determination within the
28 prescribed ninety-day period, the application is deemed approved, subject
29 to the base authority limitations provided in section 77-6839.

30 (6) There shall be no new applications for incentives filed under
31 this section after the effective date of this act ~~December 31, 2030~~. All

1 complete applications filed on or before the effective date of this act
2 ~~December 31, 2030~~, shall be considered by the director and approved if
3 the location or locations and taxpayer qualify for benefits, subject to
4 the base authority limitations provided in section 77-6839. Agreements
5 may be executed with regard to complete applications filed on or before
6 the effective date of this act ~~December 31, 2030~~. All agreements pending,
7 approved, or entered into before such date shall continue in full force
8 and effect.

9 Sec. 70. Section 79-1001, Revised Statutes Cumulative Supplement,
10 2022, is amended to read:

11 79-1001 (1) Sections 79-1001 to 79-1033 shall be known and may be
12 cited as the Tax Equity and Educational Opportunities Support Act.

13 (2) The Tax Equity and Educational Opportunities Support Act shall
14 apply until January 1, 2026. On and after such date, funding for the
15 public schools shall be governed by the Nebraska EPIC Option Consumption
16 Tax Act.

17 Sec. 71. Section 85-2231, Reissue Revised Statutes of Nebraska, is
18 amended to read:

19 85-2231 (1) Sections 85-2231 to 85-2237 shall be known and may be
20 cited as the Community College Aid Act.

21 (2) The Community College Aid Act shall apply until January 1, 2026.
22 On and after such date, community colleges shall be funded as provided in
23 the Nebraska EPIC Option Consumption Tax Act.

24 Sec. 72. Original sections 13-319, 13-501, 13-2813, 18-2147,
25 77-27,148, 77-3507, and 85-2231, Reissue Revised Statutes of Nebraska,
26 and sections 77-201, 77-2004, 77-2005, 77-2006, 77-2701, 77-3506,
27 77-3508, 77-6406, 77-6827, and 79-1001, Revised Statutes Cumulative
28 Supplement, 2022, are repealed.