

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1261

FINAL READING

Introduced by Murman, 38; Brandt, 32.

Read first time January 20, 2022

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 77-908, 77-27,187.02, and 77-27,188, Reissue Revised Statutes of
3 Nebraska, sections 77-2717, 77-2734.03, 77-3806, and 77-6831,
4 Revised Statutes Cumulative Supplement, 2020, and sections
5 77-2715.07, 77-6912, 77-6919, and 77-6920, Revised Statutes
6 Supplement, 2021; to adopt the Nebraska Higher Blend Tax Credit Act;
7 to change a sunset date and tax credit provisions under the Nebraska
8 Advantage Rural Development Act; to change provisions relating to
9 qualifications for certain tax credits under the Imagine Nebraska
10 Act and the Urban Redevelopment Act; to harmonize provisions; to
11 appropriate funds to carry out this legislative bill; to provide
12 operative dates; to repeal the original sections; and to declare an
13 emergency.

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

1 Section 1. Sections 1 to 8 of this act shall be known and may be
2 cited as the Nebraska Higher Blend Tax Credit Act.

3 Sec. 2. For purposes of the Nebraska Higher Blend Tax Credit Act:

4 (1) Department means the Department of Revenue;

5 (2) E-15 means ethanol blended gasoline formulated with a percentage
6 of fifteen percent by volume of ethanol;

7 (3) E-25 means ethanol blended gasoline formulated with a percentage
8 of twenty-five percent by volume of ethanol;

9 (4) E-30 means ethanol blended gasoline formulated with a percentage
10 of thirty percent by volume of ethanol;

11 (5) E-85 means ethanol blended gasoline formulated with a percentage
12 of fifty-one percent to eighty-three percent by volume of ethanol;

13 (6) Motor fuel pump means a meter or similar commercial weighing and
14 measuring device used to measure and dispense motor fuel originating from
15 a motor fuel storage tank;

16 (7) Retail dealer means a person engaged in the business of storing
17 and dispensing motor fuel from a motor fuel pump for sale on a retail
18 basis;

19 (8) Retail motor fuel site means a geographic location in this state
20 where a retail dealer sells and dispenses motor fuel from a motor fuel
21 pump on a retail basis; and

22 (9) Taxpayer means any natural person or any limited liability
23 company, partnership, private domestic or private foreign corporation, or
24 domestic or foreign nonprofit corporation certified pursuant to section
25 501(c)(3) of the Internal Revenue Code of 1986, as amended.

26 Sec. 3. (1) Any taxpayer who is a retail dealer and who sold and
27 dispensed E-15 or higher blend on a retail basis during the prior
28 calendar year through a motor fuel pump located at the taxpayer's retail
29 motor fuel site shall be eligible to receive tax credits under the
30 Nebraska Higher Blend Tax Credit Act.

31 (2) The tax credit shall be in an amount equal to (a) five cents

1 multiplied by the total number of gallons of E-15 sold by the taxpayer on
2 a retail basis during the prior calendar year through a motor fuel pump
3 located at the taxpayer's retail motor fuel site and (b) eight cents
4 multiplied by the total number of gallons of E-25 or higher blend sold by
5 the taxpayer on a retail basis during the prior calendar year through a
6 motor fuel pump located at the taxpayer's retail motor fuel site.

7 (3) The tax credit shall be a refundable credit that may be used
8 against any income tax imposed by the Nebraska Revenue Act of 1967 or any
9 tax imposed pursuant to sections 77-907 to 77-918 or 77-3801 to 77-3807.

10 (4) Tax credits allowed under this section may be claimed for
11 taxable years beginning or deemed to begin on or after January 1, 2022,
12 under the Internal Revenue Code of 1986, as amended.

13 (5) To receive tax credits, a taxpayer shall submit an application
14 to the department on a form prescribed by the department. The application
15 shall include the following information:

16 (a) The name and address of the taxpayer;

17 (b) The total number of gallons of E-15 sold by the taxpayer on a
18 retail basis during the prior calendar year through a motor fuel pump
19 located at the taxpayer's retail motor fuel site;

20 (c) The total number of gallons of E-25 sold by the taxpayer on a
21 retail basis during the prior calendar year through a motor fuel pump
22 located at the taxpayer's retail motor fuel site;

23 (d) The total number of gallons of E-30 sold by the taxpayer on a
24 retail basis during the prior calendar year through a motor fuel pump
25 located at the taxpayer's retail motor fuel site;

26 (e) The total number of gallons of E-85 sold by the taxpayer on a
27 retail basis during the prior calendar year through a motor fuel pump
28 located at the taxpayer's retail motor fuel site; and

29 (f) Any other documentation required by the department.

30 Sec. 4. (1) If the department determines that an application is
31 complete and that the taxpayer qualifies for tax credits, the department

1 shall approve the application within the limits set forth in this section
2 and shall certify the amount of tax credits approved to the taxpayer.

3 (2) The department shall consider applications in the order in which
4 they are received and may approve tax credits until the annual limit for
5 the calendar year has been reached. For calendar year 2022, the annual
6 limit on tax credits shall be two million dollars. For calendar year 2023
7 and each calendar year thereafter, the annual limit on tax credits shall
8 be calculated by taking the annual limit from the prior calendar year and
9 then multiplying such amount by (a) two hundred percent if the amount of
10 tax credits approved in the prior calendar year exceeded ninety percent
11 of the annual limit applicable to that calendar year or (b) one hundred
12 percent if the amount of tax credits approved in the prior calendar year
13 did not exceed ninety percent of the annual limit applicable to that
14 calendar year. In no case shall the annual limit on tax credits exceed
15 four million dollars.

16 Sec. 5. (1) A taxpayer shall claim the tax credit by attaching the
17 tax credit certification received from the department under section 4 of
18 this act to the taxpayer's tax return.

19 (2) Any credit in excess of the taxpayer's tax liability shall be
20 refunded to the taxpayer. In lieu of claiming a refund, the taxpayer may
21 elect to have the excess carried forward to subsequent taxable years. A
22 taxpayer may carry forward the excess tax credits until fully utilized.

23 Sec. 6. Any tax credit allowable to a partnership, a limited
24 liability company, a subchapter S corporation, or an estate or trust may
25 be distributed to the partners, limited liability company members,
26 shareholders, or beneficiaries in the same manner as income is
27 distributed.

28 Sec. 7. There shall be no new applications filed under the Nebraska
29 Higher Blend Tax Credit Act after December 31, 2026. All applications and
30 all tax credits pending or approved before such date shall continue in
31 full force and effect.

1 Sec. 8. The department may adopt and promulgate rules and
2 regulations to carry out the Nebraska Higher Blend Tax Credit Act.

3 Sec. 9. Section 77-908, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 77-908 Every insurance company organized under the stock, mutual,
6 assessment, or reciprocal plan, except fraternal benefit societies, which
7 is transacting business in this state shall, on or before March 1 of each
8 year, pay a tax to the director of one percent of the gross amount of
9 direct writing premiums received by it during the preceding calendar year
10 for business done in this state, except that (1) for group sickness and
11 accident insurance the rate of such tax shall be five-tenths of one
12 percent and (2) for property and casualty insurance, excluding individual
13 sickness and accident insurance, the rate of such tax shall be one
14 percent. A captive insurer authorized under the Captive Insurers Act that
15 is transacting business in this state shall, on or before March 1 of each
16 year, pay to the director a tax of one-fourth of one percent of the gross
17 amount of direct writing premiums received by such insurer during the
18 preceding calendar year for business transacted in the state. The taxable
19 premiums shall include premiums paid on the lives of persons residing in
20 this state and premiums paid for risks located in this state whether the
21 insurance was written in this state or not, including that portion of a
22 group premium paid which represents the premium for insurance on Nebraska
23 residents or risks located in Nebraska included within the group when the
24 number of lives in the group exceeds five hundred. The tax shall also
25 apply to premiums received by domestic companies for insurance written on
26 individuals residing outside this state or risks located outside this
27 state if no comparable tax is paid by the direct writing domestic company
28 to any other appropriate taxing authority. Companies whose scheme of
29 operation contemplates the return of a portion of premiums to
30 policyholders, without such policyholders being claimants under the terms
31 of their policies, may deduct such return premiums or dividends from

1 their gross premiums for the purpose of tax calculations. Any such
2 insurance company shall receive a credit on the tax imposed as provided
3 in the Community Development Assistance Act, the Nebraska Job Creation
4 and Mainstreet Revitalization Act, the New Markets Job Growth Investment
5 Act, the Nebraska Higher Blend Tax Credit Act, and the Affordable Housing
6 Tax Credit Act.

7 Sec. 10. Section 77-2715.07, Revised Statutes Supplement, 2021, is
8 amended to read:

9 77-2715.07 (1) There shall be allowed to qualified resident
10 individuals as a nonrefundable credit against the income tax imposed by
11 the Nebraska Revenue Act of 1967:

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

14 (b) A credit for taxes paid to another state as provided in section
15 77-2730.

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

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

28 (b) For returns filed reporting federal adjusted gross income of
29 twenty-nine thousand dollars or less, a refundable credit equal to a
30 percentage of the federal credit allowable under section 21 of the
31 Internal Revenue Code of 1986, as amended, whether or not the federal

1 credit was limited by the federal tax liability. The percentage of the
2 federal credit shall be one hundred percent for incomes not greater than
3 twenty-two thousand dollars, and the percentage shall be reduced by ten
4 percent for each one thousand dollars, or fraction thereof, by which the
5 reported federal adjusted gross income exceeds twenty-two thousand
6 dollars, except that for taxable years beginning or deemed to begin on or
7 after January 1, 2015, such refundable credit shall be allowed only if
8 the individual would have received the federal credit allowed under
9 section 21 of the code after adding back in any carryforward of a net
10 operating loss that was deducted pursuant to such section in determining
11 eligibility for the federal credit;

12 (c) A refundable credit as provided in section 77-5209.01 for
13 individuals who qualify for an income tax credit as a qualified beginning
14 farmer or livestock producer under the Beginning Farmer Tax Credit Act
15 for all taxable years beginning or deemed to begin on or after January 1,
16 2006, under the Internal Revenue Code of 1986, as amended;

17 (d) A refundable credit for individuals who qualify for an income
18 tax credit under the Angel Investment Tax Credit Act, the Nebraska
19 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
20 and Development Act, or the Volunteer Emergency Responders Incentive Act;
21 and

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

30 (3) There shall be allowed to all individuals as a nonrefundable
31 credit against the income tax imposed by the Nebraska Revenue Act of

1 1967:

2 (a) A credit for personal exemptions allowed under section
3 77-2716.01;

4 (b) A credit for contributions to certified community betterment
5 programs as provided in the Community Development Assistance Act. Each
6 partner, each shareholder of an electing subchapter S corporation, each
7 beneficiary of an estate or trust, or each member of a limited liability
8 company shall report his or her share of the credit in the same manner
9 and proportion as he or she reports the partnership, subchapter S
10 corporation, estate, trust, or limited liability company income;

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

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

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

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

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

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

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

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

26 (c) A refundable credit for individuals who qualify for an income
27 tax credit as an owner of agricultural assets under the Beginning Farmer
28 Tax Credit Act for all taxable years beginning or deemed to begin on or
29 after January 1, 2009, under the Internal Revenue Code of 1986, as
30 amended. The credit allowed for each partner, shareholder, member, or
31 beneficiary of a partnership, corporation, limited liability company, or

1 estate or trust qualifying for an income tax credit as an owner of
2 agricultural assets under the Beginning Farmer Tax Credit Act shall be
3 equal to the partner's, shareholder's, member's, or beneficiary's portion
4 of the amount of tax credit distributed pursuant to subsection (6) of
5 section 77-5211.

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

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

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

29 (6) There shall be allowed to all individuals nonrefundable credits
30 against the income tax imposed by the Nebraska Revenue Act of 1967 as
31 provided in section 77-3604 and refundable credits against the income tax

1 imposed by the Nebraska Revenue Act of 1967 as provided in section
2 77-3605.

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

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

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

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

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

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

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

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

28 (8) There shall be allowed to all individuals refundable credits
29 against the income tax imposed by the Nebraska Revenue Act of 1967 as
30 provided in the Nebraska Higher Blend Tax Credit Act, the Nebraska
31 Property Tax Incentive Act, and the Renewable Chemical Production Tax

1 Credit Act.

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

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

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

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

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

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

15 Sec. 11. Section 77-2717, Revised Statutes Cumulative Supplement,
16 2020, is amended to read:

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

1 as a reduction in the income tax due. A refundable income tax credit
2 shall be allowed for all resident estates and trusts under the Angel
3 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax
4 Credit Act, and the Nebraska Advantage Research and Development Act. A
5 nonrefundable income tax credit shall be allowed for all resident estates
6 and trusts as provided in the New Markets Job Growth Investment Act.

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

27 (b) The tax imposed on all nonresident estates and trusts shall be
28 the portion of the tax imposed on resident estates and trusts which is
29 attributable to the income derived from sources within this state. The
30 tax which is attributable to income derived from sources within this
31 state shall be determined by multiplying the liability to this state for

1 a resident estate or trust with the same total income by a fraction, the
2 numerator of which is the nonresident estate's or trust's Nebraska income
3 as determined by sections 77-2724 and 77-2725 and the denominator of
4 which is its total federal income after first adjusting each by the
5 amounts provided in section 77-2716. The federal credit for prior year
6 minimum tax, after the recomputations required by the Nebraska Revenue
7 Act of 1967, reduced by the percentage of the total income which is
8 attributable to income from sources outside this state, and the credits
9 provided in the Nebraska Advantage Microenterprise Tax Credit Act and the
10 Nebraska Advantage Research and Development Act shall be allowed as a
11 reduction in the income tax due. A refundable income tax credit shall be
12 allowed for all nonresident estates and trusts under the Angel Investment
13 Tax Credit Act, the Nebraska Advantage Microenterprise Tax Credit Act,
14 the Nebraska Advantage Research and Development Act, the Nebraska Higher
15 Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, and the
16 Renewable Chemical Production Tax Credit Act. A nonrefundable income tax
17 credit shall be allowed for all nonresident estates and trusts as
18 provided in the Nebraska Job Creation and Mainstreet Revitalization Act,
19 the New Markets Job Growth Investment Act, the School Readiness Tax
20 Credit Act, the Affordable Housing Tax Credit Act, and section 77-27,238.

21 (2) In all instances wherein a fiduciary income tax return is
22 required under the provisions of the Internal Revenue Code, a Nebraska
23 fiduciary return shall be filed, except that a fiduciary return shall not
24 be required to be filed regarding a simple trust if all of the trust's
25 beneficiaries are residents of the State of Nebraska, all of the trust's
26 income is derived from sources in this state, and the trust has no
27 federal tax liability. The fiduciary shall be responsible for making the
28 return for the estate or trust for which he or she acts, whether the
29 income be taxable to the estate or trust or to the beneficiaries thereof.
30 The fiduciary shall include in the return a statement of each
31 beneficiary's distributive share of net income when such income is

1 taxable to such beneficiaries.

2 (3) The beneficiaries of such estate or trust who are residents of
3 this state shall include in their income their proportionate share of
4 such estate's or trust's federal income and shall reduce their Nebraska
5 tax liability by their proportionate share of the credits as provided in
6 the Angel Investment Tax Credit Act, the Nebraska Advantage
7 Microenterprise Tax Credit Act, the Nebraska Advantage Research and
8 Development Act, the Nebraska Job Creation and Mainstreet Revitalization
9 Act, the New Markets Job Growth Investment Act, the School Readiness Tax
10 Credit Act, the Affordable Housing Tax Credit Act, the Nebraska Higher
11 Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, the
12 Renewable Chemical Production Tax Credit Act, and section 77-27,238.
13 There shall be allowed to a beneficiary a refundable income tax credit
14 under the Beginning Farmer Tax Credit Act for all taxable years beginning
15 or deemed to begin on or after January 1, 2001, under the Internal
16 Revenue Code of 1986, as amended.

17 (4) If any beneficiary of such estate or trust is a nonresident
18 during any part of the estate's or trust's taxable year, he or she shall
19 file a Nebraska income tax return which shall include (a) in Nebraska
20 adjusted gross income that portion of the estate's or trust's Nebraska
21 income, as determined under sections 77-2724 and 77-2725, allocable to
22 his or her interest in the estate or trust and (b) a reduction of the
23 Nebraska tax liability by his or her proportionate share of the credits
24 as provided in the Angel Investment Tax Credit Act, the Nebraska
25 Advantage Microenterprise Tax Credit Act, the Nebraska Advantage Research
26 and Development Act, the Nebraska Job Creation and Mainstreet
27 Revitalization Act, the New Markets Job Growth Investment Act, the School
28 Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, the
29 Nebraska Higher Blend Tax Credit Act, the Nebraska Property Tax Incentive
30 Act, the Renewable Chemical Production Tax Credit Act, and section
31 77-27,238 and shall execute and forward to the fiduciary, on or before

1 the original due date of the Nebraska fiduciary return, an agreement
2 which states that he or she will file a Nebraska income tax return and
3 pay income tax on all income derived from or connected with sources in
4 this state, and such agreement shall be attached to the Nebraska
5 fiduciary return for such taxable year.

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

22 (6) The Tax Commissioner may allow a nonresident beneficiary to not
23 file a Nebraska income tax return if the nonresident beneficiary's only
24 source of Nebraska income was his or her share of the estate's or trust's
25 income which was derived from or attributable to sources within this
26 state, the nonresident did not file an agreement to file a Nebraska
27 income tax return, and the estate or trust has remitted the amount
28 required by subsection (5) of this section on behalf of such nonresident
29 beneficiary. The amount remitted shall be retained in satisfaction of the
30 Nebraska income tax liability of the nonresident beneficiary.

31 (7) For purposes of this section, unless the context otherwise

1 requires, simple trust shall mean any trust instrument which (a) requires
2 that all income shall be distributed currently to the beneficiaries, (b)
3 does not allow amounts to be paid, permanently set aside, or used in the
4 tax year for charitable purposes, and (c) does not distribute amounts
5 allocated in the corpus of the trust. Any trust which does not qualify as
6 a simple trust shall be deemed a complex trust.

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

11 Sec. 12. Section 77-2734.03, Revised Statutes Cumulative Supplement,
12 2020, is amended to read:

13 77-2734.03 (1)(a) For taxable years commencing prior to January 1,
14 1997, any (i) insurer paying a tax on premiums and assessments pursuant
15 to section 77-908 or 81-523, (ii) electric cooperative organized under
16 the Joint Public Power Authority Act, or (iii) credit union shall be
17 credited, in the computation of the tax due under the Nebraska Revenue
18 Act of 1967, with the amount paid during the taxable year as taxes on
19 such premiums and assessments and taxes in lieu of intangible tax.

20 (b) For taxable years commencing on or after January 1, 1997, any
21 insurer paying a tax on premiums and assessments pursuant to section
22 77-908 or 81-523, any electric cooperative organized under the Joint
23 Public Power Authority Act, or any credit union shall be credited, in the
24 computation of the tax due under the Nebraska Revenue Act of 1967, with
25 the amount paid during the taxable year as (i) taxes on such premiums and
26 assessments included as Nebraska premiums and assessments under section
27 77-2734.05 and (ii) taxes in lieu of intangible tax.

28 (c) For taxable years commencing or deemed to commence prior to, on,
29 or after January 1, 1998, any insurer paying a tax on premiums and
30 assessments pursuant to section 77-908 or 81-523 shall be credited, in
31 the computation of the tax due under the Nebraska Revenue Act of 1967,

1 with the amount paid during the taxable year as assessments allowed as an
2 offset against premium and related retaliatory tax liability pursuant to
3 section 44-4233.

4 (2) There shall be allowed to corporate taxpayers a tax credit for
5 contributions to community betterment programs as provided in the
6 Community Development Assistance Act.

7 (3) There shall be allowed to corporate taxpayers a refundable
8 income tax credit under the Beginning Farmer Tax Credit Act for all
9 taxable years beginning or deemed to begin on or after January 1, 2001,
10 under the Internal Revenue Code of 1986, as amended.

11 (4) The changes made to this section by Laws 2004, LB 983, apply to
12 motor fuels purchased during any tax year ending or deemed to end on or
13 after January 1, 2005, under the Internal Revenue Code of 1986, as
14 amended.

15 (5) There shall be allowed to corporate taxpayers refundable income
16 tax credits under the Nebraska Advantage Microenterprise Tax Credit Act,
17 the Nebraska Advantage Research and Development Act, the Nebraska Higher
18 Blend Tax Credit Act, the Nebraska Property Tax Incentive Act, and the
19 Renewable Chemical Production Tax Credit Act.

20 (6) There shall be allowed to corporate taxpayers a nonrefundable
21 income tax credit for investment in a biodiesel facility as provided in
22 section 77-27,236.

23 (7) There shall be allowed to corporate taxpayers a nonrefundable
24 income tax credit as provided in the Nebraska Job Creation and Mainstreet
25 Revitalization Act, the New Markets Job Growth Investment Act, the School
26 Readiness Tax Credit Act, the Affordable Housing Tax Credit Act, and
27 section 77-27,238.

28 Sec. 13. Section 77-27,187.02, Reissue Revised Statutes of Nebraska,
29 is amended to read:

30 77-27,187.02 (1) To earn the incentives set forth in the Nebraska
31 Advantage Rural Development Act, the taxpayer shall file an application

1 for an agreement with the Tax Commissioner. There shall be no new
2 applications for incentives filed under this section after December 31,
3 2027 ~~2022~~.

4 (2) The application shall contain:

5 (a) A written statement describing the full expected employment or
6 type of livestock production and the investment amount for a qualified
7 business, as described in section 77-27,189, in this state;

8 (b) Sufficient documents, plans, and specifications as required by
9 the Tax Commissioner to support the plan and to define a project; and

10 (c) An application fee of five hundred dollars. The fee shall be
11 remitted to the State Treasurer for credit to the Nebraska Incentives
12 Fund. The application and all supporting information shall be
13 confidential except for the name of the taxpayer, the location of the
14 project, and the amounts of increased employment or investment.

15 (3)(a) The Tax Commissioner shall approve the application and
16 authorize the total amount of credits expected to be earned as a result
17 of the project if he or she is satisfied that the plan in the application
18 defines a project that (i) meets the requirements established in section
19 77-27,188 and such requirements will be reached within the required time
20 period and (ii) for projects other than livestock modernization or
21 expansion projects, is located in an eligible county, city, or village.

22 (b) For applications filed in calendar year 2015, the Tax
23 Commissioner shall not approve further applications once the expected
24 credits from the approved projects total one million dollars. For
25 applications filed in calendar year 2016 and each year thereafter, the
26 Tax Commissioner shall not approve further applications from applicants
27 described in subsection (1) of section 77-27,188 once the expected
28 credits from approved projects from this category total one million
29 dollars. For applications filed in calendar year 2016 and each year
30 thereafter, the Tax Commissioner shall not approve further applications
31 from applicants described in subsection (2) of section 77-27,188 once the

1 expected credits from approved projects in this category total: For
2 calendar year 2016, five hundred thousand dollars; for calendar years
3 2017 and 2018, seven hundred fifty thousand dollars; ~~and~~ for calendar
4 years year 2019, 2020, and 2021 ~~and each calendar year thereafter~~, one
5 million dollars; and for calendar year 2022 and each calendar year
6 thereafter, ten million dollars. Four hundred dollars of the application
7 fee shall be refunded to the applicant if the application is not approved
8 because the expected credits from approved projects exceed such amounts.

9 (c) Applications for benefits shall be considered separately and in
10 the order in which they are received for the categories represented by
11 subsections (1) and (2) of section 77-27,188.

12 (d) Applications shall be filed by November 1 and shall be complete
13 by December 1 of each calendar year. Any application that is filed after
14 November 1 or that is not complete on December 1 shall be considered to
15 be filed during the following calendar year.

16 (4) After approval, the taxpayer and the Tax Commissioner shall
17 enter into a written agreement. The taxpayer shall agree to complete the
18 project, and the Tax Commissioner, on behalf of the State of Nebraska,
19 shall designate the approved plans of the taxpayer as a project and, in
20 consideration of the taxpayer's agreement, agree to allow the taxpayer to
21 use the incentives contained in the Nebraska Advantage Rural Development
22 Act up to the total amount that were authorized by the Tax Commissioner
23 at the time of approval. The application, and all supporting
24 documentation, to the extent approved, shall be considered a part of the
25 agreement. The agreement shall state:

26 (a) The levels of employment and investment required by the act for
27 the project;

28 (b) The time period under the act in which the required level must
29 be met;

30 (c) The documentation the taxpayer will need to supply when claiming
31 an incentive under the act;

- 1 (d) The date the application was filed; and
- 2 (e) The maximum amount of credits authorized.

3 Sec. 14. Section 77-27,188, Reissue Revised Statutes of Nebraska, is
4 amended to read:

5 77-27,188 (1) A refundable credit against the taxes imposed by the
6 Nebraska Revenue Act of 1967 shall be allowed to any taxpayer who has an
7 approved application pursuant to the Nebraska Advantage Rural Development
8 Act, who is engaged in a qualified business as described in section
9 77-27,189, and who after January 1, 2006:

10 (a)(i) Increases employment by two new equivalent employees and
11 makes an increased investment of at least one hundred twenty-five
12 thousand dollars prior to the end of the first taxable year after the
13 year in which the application was submitted in (A) any county in this
14 state with a population of fewer than fifteen thousand inhabitants,
15 according to the most recent federal decennial census, (B) any village in
16 this state, or (C) any area within the corporate limits of a city of the
17 metropolitan class consisting of one or more contiguous census tracts, as
18 determined by the most recent federal decennial census, which contain a
19 percentage of persons below the poverty line of greater than thirty
20 percent, and all census tracts contiguous to such tract or tracts; or

21 (ii) Increases employment by five new equivalent employees and makes
22 an increased investment of at least two hundred fifty thousand dollars
23 prior to the end of the first taxable year after the year in which the
24 application was submitted in any county in this state with a population
25 of less than twenty-five thousand inhabitants, according to the most
26 recent federal decennial census, or any city of the second class; and

27 (b) Pays a minimum qualifying wage of eight dollars and twenty-five
28 cents per hour to the new equivalent employees for which tax credits are
29 sought under the Nebraska Advantage Rural Development Act. The Department
30 of Revenue shall adjust the minimum qualifying wages required for
31 applications filed after January 1, 2004, and each January 1 thereafter,

1 as follows: The current rural Nebraska average weekly wage shall be
2 divided by the rural Nebraska average weekly wage for 2003; and the
3 result shall be multiplied by the eight dollars and twenty-five cents
4 minimum qualifying wage for 2003 and rounded to the nearest one cent. The
5 amount of increase or decrease in the minimum qualifying wages for any
6 year shall be the cumulative change in the rural Nebraska average weekly
7 wage since 2003. For purposes of this subsection, rural Nebraska average
8 weekly wage means the most recent average weekly wage paid by all
9 employers in all counties with a population of less than twenty-five
10 thousand inhabitants as reported by October 1 by the Department of Labor.

11 For purposes of this section, a teleworker working in Nebraska from
12 his or her residence for a taxpayer shall be considered an employee of
13 the taxpayer, and property of the taxpayer provided to the teleworker
14 working in Nebraska from his or her residence shall be considered an
15 investment. Teleworker includes an individual working on a per-item basis
16 and an independent contractor working for the taxpayer so long as the
17 taxpayer withholds Nebraska income tax from wages or other payments made
18 to such teleworker. For purposes of calculating the number of new
19 equivalent employees when the teleworkers are paid on a per-item basis or
20 are independent contractors, the total wages or payments made to all such
21 new employees during the year shall be divided by the qualifying wage as
22 determined in subdivision (b) of this subsection, with the result divided
23 by two thousand eighty hours.

24 (2) A refundable credit against the taxes imposed by the Nebraska
25 Revenue Act of 1967 shall be allowed to any taxpayer who (a) has an
26 approved application pursuant to the Nebraska Advantage Rural Development
27 Act, (b) is engaged in livestock production, and (c) after January 1,
28 2007, invests at least fifty thousand dollars for livestock modernization
29 or expansion.

30 (3) The amount of the credit allowed under subsection (1) of this
31 section shall be three thousand dollars for each new equivalent employee

1 and two thousand seven hundred fifty dollars for each fifty thousand
2 dollars of increased investment. For applications filed before January 1,
3 2016, the amount of the credit allowed under subsection (2) of this
4 section shall be ten percent of the investment, not to exceed a credit of
5 thirty thousand dollars. For applications filed on or after January 1,
6 2016, and before the operative date of this section, the amount of the
7 credit allowed under subsection (2) of this section shall be ten percent
8 of the investment, not to exceed a credit of one hundred fifty thousand
9 dollars per application. For applications filed on or after the operative
10 date of this section, the amount of the credit allowed under subsection
11 (2) of this section shall be ten percent of the investment, not to exceed
12 a credit of five hundred thousand dollars per application. For each
13 application, a taxpayer engaged in livestock production may qualify for a
14 credit under either subsection (1) or (2) of this section, but cannot
15 qualify for more than one credit per application.

16 (4) An employee of a qualified employee leasing company shall be
17 considered to be an employee of the client-lessee for purposes of this
18 section if the employee performs services for the client-lessee. A
19 qualified employee leasing company shall provide the Department of
20 Revenue access to the records of employees leased to the client-lessee.

21 (5) The credit shall not exceed the amounts set out in the
22 application and approved by the Tax Commissioner.

23 (6)(a) If a taxpayer who receives tax credits creates fewer jobs or
24 less investment than required in the project agreement, the taxpayer
25 shall repay the tax credits as provided in this subsection.

26 (b) If less than seventy-five percent of the required jobs in the
27 project agreement are created, one hundred percent of the job creation
28 tax credits shall be repaid. If seventy-five percent or more of the
29 required jobs in the project agreement are created, no repayment of the
30 job creation tax credits is necessary.

31 (c) If less than seventy-five percent of the required investment in

1 the project agreement is created, one hundred percent of the investment
2 tax credits shall be repaid. If seventy-five percent or more of the
3 required investment in the project agreement is created, no repayment of
4 the investment tax credits is necessary.

5 (7) For taxpayers who submitted applications for benefits under the
6 Nebraska Advantage Rural Development Act before January 1, 2006,
7 subsection (1) of this section, as such subsection existed immediately
8 prior to such date, shall continue to apply to such taxpayers. The
9 changes made by Laws 2005, LB 312, shall not preclude a taxpayer from
10 receiving the tax incentives earned prior to January 1, 2006.

11 Sec. 15. Section 77-3806, Revised Statutes Cumulative Supplement,
12 2020, is amended to read:

13 77-3806 (1) The tax return shall be filed and the total amount of
14 the franchise tax shall be due on the fifteenth day of the third month
15 after the end of the taxable year. No extension of time to pay the tax
16 shall be granted. If the Tax Commissioner determines that the amount of
17 tax can be computed from available information filed by the financial
18 institutions with either state or federal regulatory agencies, the Tax
19 Commissioner may, by regulation, waive the requirement for the financial
20 institutions to file returns.

21 (2) Sections 77-2714 to 77-27,135 relating to deficiencies,
22 penalties, interest, the collection of delinquent amounts, and appeal
23 procedures for the tax imposed by section 77-2734.02 shall also apply to
24 the tax imposed by section 77-3802. If the filing of a return is waived
25 by the Tax Commissioner, the payment of the tax shall be considered the
26 filing of a return for purposes of sections 77-2714 to 77-27,135.

27 (3) No refund of the tax imposed by section 77-3802 shall be allowed
28 unless a claim for such refund is filed within ninety days of the date on
29 which (a) the tax is due or was paid, whichever is later, (b) a change is
30 made to the amount of deposits or the net financial income of the
31 financial institution by a state or federal regulatory agency, or (c) the

1 Nebraska Investment Finance Authority issues an eligibility statement to
2 the financial institution pursuant to the Affordable Housing Tax Credit
3 Act.

4 (4) Any such financial institution shall receive a credit on the
5 franchise tax as provided under the Affordable Housing Tax Credit Act,
6 the Community Development Assistance Act, the Nebraska Higher Blend Tax
7 Credit Act, the Nebraska Job Creation and Mainstreet Revitalization Act,
8 the Nebraska Property Tax Incentive Act, and the New Markets Job Growth
9 Investment Act.

10 Sec. 16. Section 77-6831, Revised Statutes Cumulative Supplement,
11 2020, is amended to read:

12 77-6831 (1) A taxpayer shall be entitled to the sales and use tax
13 incentives contained in subsection (2) of this section if the taxpayer:

14 (a) Attains a cumulative investment in qualified property of at
15 least five million dollars and hires at least thirty new employees at the
16 qualified location or locations before the end of the ramp-up period;

17 (b) Attains a cumulative investment in qualified property of at
18 least two hundred fifty million dollars and hires at least two hundred
19 fifty new employees at the qualified location or locations before the end
20 of the ramp-up period; or

21 (c) Attains a cumulative investment in qualified property of at
22 least fifty million dollars at the qualified location or locations before
23 the end of the ramp-up period. To receive incentives under this
24 subdivision, the taxpayer must meet the following conditions:

25 (i) The average compensation of the taxpayer's employees at the
26 qualified location or locations for each year of the performance period
27 must equal at least one hundred fifty percent of the Nebraska statewide
28 average hourly wage for the year of application;

29 (ii) The taxpayer must offer to its employees who constitute full-
30 time employees as defined and described in section 4980H of the Internal
31 Revenue Code of 1986, as amended, and the regulations for such section,

1 at the qualified location or locations for each year of the performance
2 period, the opportunity to enroll in minimum essential coverage under an
3 eligible employer-sponsored plan, as those terms are defined and
4 described in section 5000A of the Internal Revenue Code of 1986, as
5 amended, and the regulations for such section; and

6 (iii) The taxpayer must offer a sufficient package of benefits as
7 described in subdivision (1)(j) of section 77-6828.

8 (2) A taxpayer meeting the requirements of subsection (1) of this
9 section shall be entitled to the following sales and use tax incentives:

10 (a) A refund of all sales and use taxes paid under the Local Option
11 Revenue Act, the Nebraska Revenue Act of 1967, the Qualified Judgment
12 Payment Act, and sections 13-319, 13-324, and 13-2813 from the date of
13 the complete application through the meeting of the required levels of
14 employment and investment for all purchases, including rentals, of:

15 (i) Qualified property used at the qualified location or locations;

16 (ii) Property, excluding motor vehicles, based in this state and
17 used in both this state and another state in connection with the
18 qualified location or locations except when any such property is to be
19 used for fundraising for or for the transportation of an elected
20 official;

21 (iii) Tangible personal property by a contractor or repairperson
22 after appointment as a purchasing agent of the owner of the improvement
23 to real estate when such property is incorporated into real estate at the
24 qualified location or locations. The refund shall be based on fifty
25 percent of the contract price, excluding any land, as the cost of
26 materials subject to the sales and use tax;

27 (iv) Tangible personal property by a contractor or repairperson
28 after appointment as a purchasing agent of the taxpayer when such
29 property is annexed to, but not incorporated into, real estate at the
30 qualified location or locations. The refund shall be based on the cost of
31 materials subject to the sales and use tax that were annexed to real

1 estate; and

2 (v) Tangible personal property by a contractor or repairperson after
3 appointment as a purchasing agent of the taxpayer when such property is
4 both (A) incorporated into real estate at the qualified location or
5 locations and (B) annexed to, but not incorporated into, real estate at
6 the qualified location or locations. The refund shall be based on fifty
7 percent of the contract price, excluding any land, as the cost of
8 materials subject to the sales and use tax; and

9 (b) An exemption from all sales and use taxes under the Local Option
10 Revenue Act, the Nebraska Revenue Act of 1967, the Qualified Judgment
11 Payment Act, and sections 13-319, 13-324, and 13-2813 on the types of
12 purchases, including rentals, listed in subdivision (a) of this
13 subsection for such purchases, including rentals, occurring during each
14 year of the performance period in which the taxpayer is at or above the
15 required levels of employment and investment, except that the exemption
16 shall be for the actual materials purchased with respect to subdivisions
17 (2)(a)(iii), (iv), and (v) of this section. The Tax Commissioner shall
18 issue such rules, regulations, certificates, and forms as are appropriate
19 to implement the efficient use of this exemption.

20 (3)(a) Upon execution of the agreement, the taxpayer shall be issued
21 a direct payment permit under section 77-2705.01, notwithstanding the
22 three million dollars in purchases limitation in subsection (1) of
23 section 77-2705.01, for each qualified location specified in the
24 agreement, unless the taxpayer has opted out of this requirement in the
25 agreement. For any taxpayer who is issued a direct payment permit, until
26 such taxpayer makes the investment in qualified property and hires the
27 new employees at the qualified location or locations as specified in
28 subsection (1) of this section, the taxpayer must pay and remit any
29 applicable sales and use taxes as required by the Tax Commissioner.

30 (b) If the taxpayer makes the investment in qualified property and
31 hires the new employees at the qualified location or locations as

1 specified in subsection (1) of this section, the taxpayer shall receive
2 the sales tax refunds described in subdivision (2)(a) of this section.
3 For any year in which the taxpayer is not at the required levels of
4 employment and investment, the taxpayer shall report all sales and use
5 taxes owed for the period on the taxpayer's income tax return for the
6 year.

7 (4) The taxpayer shall be entitled to one of the following credits
8 for payment of wages to new employees:

9 (a)(i) If a taxpayer attains a cumulative investment in qualified
10 property of at least one million dollars and hires at least ten new
11 employees at the qualified location or locations before the end of the
12 ramp-up period, the taxpayer shall be entitled to a credit equal to four
13 percent times the average wage of new employees times the number of new
14 employees. Wages in excess of one million dollars paid to any one
15 employee during the year shall be excluded from the calculations under
16 this subdivision;

17 (ii) If the taxpayer attains a cumulative investment in qualified
18 property of at least one million dollars and hires at least ten new
19 employees at the qualified location or locations before the end of the
20 ramp-up period and the number of new employees and investment are at a
21 qualified location in a county in Nebraska with a population of one
22 hundred thousand or greater, and at which the majority of the business
23 activities conducted are described in subdivision (1)(a) or (1)(n) of
24 section 77-6818, the taxpayer shall be entitled to a credit equal to four
25 percent times the average wage of new employees times the number of new
26 employees. Wages in excess of one million dollars paid to any one
27 employee during the year shall be excluded from the calculations under
28 this subdivision; or

29 (iii) If the taxpayer attains a cumulative investment in qualified
30 property of at least one million dollars and hires at least ten new
31 employees at the qualified location or locations before the end of the

1 ramp-up period and the number of new employees and investment are at a
2 qualified location or locations within one or more counties in Nebraska
3 that each have entirely within a county in Nebraska with a population of
4 less than one hundred thousand, and at which the majority of the business
5 activities conducted are described in subdivision (1)(a) or (1)(n) of
6 section 77-6818, the taxpayer shall be entitled to a credit equal to six
7 percent times the average wage of new employees times the number of new
8 employees. For purposes of meeting the ten-employee requirement of this
9 subdivision, the number of new employees shall be multiplied by two.
10 Wages in excess of one million dollars paid to any one employee during
11 the year shall be excluded from the calculations under this subdivision;

12 (b) If a taxpayer hires at least twenty new employees at the
13 qualified location or locations before the end of the ramp-up period, the
14 taxpayer shall be entitled to a credit equal to five percent times the
15 average wage of new employees times the number of new employees if the
16 average wage of the new employees equals at least one hundred percent of
17 the Nebraska statewide average hourly wage for the year of application.
18 The credit shall equal seven percent times the average wage of new
19 employees times the number of new employees if the average wage of the
20 new employees equals at least one hundred fifty percent of the Nebraska
21 statewide average hourly wage for the year of application. The credit
22 shall equal nine percent times the average wage of new employees times
23 the number of new employees if the average wage of the new employees
24 equals at least two hundred percent of the Nebraska statewide average
25 hourly wage for the year of application. Wages in excess of one million
26 dollars paid to any one employee during the year shall be excluded from
27 the calculations under this subdivision;

28 (c) If a taxpayer attains a cumulative investment in qualified
29 property of at least five million dollars and hires at least thirty new
30 employees at the qualified location or locations before the end of the
31 ramp-up period, the taxpayer shall be entitled to a credit equal to five

1 percent times the average wage of new employees times the number of new
2 employees if the average wage of the new employees equals at least one
3 hundred percent of the Nebraska statewide average hourly wage for the
4 year of application. The credit shall equal seven percent times the
5 average wage of new employees times the number of new employees if the
6 average wage of the new employees equals at least one hundred fifty
7 percent of the Nebraska statewide average hourly wage for the year of
8 application. The credit shall equal nine percent times the average wage
9 of new employees times the number of new employees if the average wage of
10 the new employees equals at least two hundred percent of the Nebraska
11 statewide average hourly wage for the year of application. Wages in
12 excess of one million dollars paid to any one employee during the year
13 shall be excluded from the calculations under this subdivision;

14 (d) If a taxpayer attains a cumulative investment in qualified
15 property of at least two hundred fifty million dollars and hires at least
16 two hundred fifty new employees at the qualified location or locations
17 before the end of the ramp-up period, the taxpayer shall be entitled to a
18 credit equal to seven percent times the average wage of new employees
19 times the number of new employees if the average wage of the new
20 employees equals at least one hundred fifty percent of the Nebraska
21 statewide average hourly wage for the year of application. The credit
22 shall equal nine percent times the average wage of new employees times
23 the number of new employees if the average wage of the new employees
24 equals at least two hundred percent of the Nebraska statewide average
25 hourly wage for the year of application. Wages in excess of one million
26 dollars paid to any one employee during the year shall be excluded from
27 the calculations under this subdivision; or

28 (e) If a taxpayer attains a cumulative investment in qualified
29 property of at least two hundred fifty thousand dollars but less than one
30 million dollars and hires at least five new employees at the qualified
31 location or locations before the end of the ramp-up period and the number

1 of new employees and investment are at a qualified location within an
2 economic redevelopment area, the taxpayer shall be entitled to a credit
3 equal to six percent times the average wage of new employees times the
4 number of new employees if the average wage of the new employees equals
5 at least seventy percent of the Nebraska statewide average hourly wage
6 for the year of application. Wages in excess of one million dollars paid
7 to any one employee during the year shall be excluded from the
8 calculations under this subdivision. For purposes of this subdivision,
9 economic redevelopment area means an area in which (i) the average rate
10 of unemployment in the area during the period covered by the most recent
11 federal decennial census or American Community Survey 5-Year Estimate is
12 at least one hundred fifty percent of the average rate of unemployment in
13 the state during the same period and (ii) the average poverty rate in the
14 area exceeds twenty percent for the total federal census tract or tracts
15 or federal census block group or block groups in the area.

16 (5) The taxpayer shall be entitled to one of the following credits
17 for new investment:

18 (a)(i) If a taxpayer attains a cumulative investment in qualified
19 property of at least one million dollars and hires at least ten new
20 employees at the qualified location or locations before the end of the
21 ramp-up period, the taxpayer shall be entitled to a credit equal to four
22 percent of the investment made in qualified property at the qualified
23 location or locations;

24 (ii) If the taxpayer attains a cumulative investment in qualified
25 property of at least one million dollars and hires at least ten new
26 employees at the qualified location or locations before the end of the
27 ramp-up period and the number of new employees and investment are at a
28 qualified location in a county in Nebraska with a population of one
29 hundred thousand or greater, and at which the majority of the business
30 activities conducted are described in subdivision (1)(a) or (1)(n) of
31 section 77-6818, the taxpayer shall be entitled to a credit equal to four

1 percent of the investment made in qualified property at the qualified
2 location or locations unless the cumulative investment exceeds ten
3 million dollars, in which case the taxpayer shall be entitled to a credit
4 equal to seven percent of the investment made in qualified property at
5 the qualified location or locations; or

6 (iii) If the taxpayer attains a cumulative investment in qualified
7 property of at least one million dollars and hires at least ten new
8 employees at the qualified location or locations before the end of the
9 ramp-up period and the number of new employees and investment are at a
10 qualified location or locations within one or more counties in Nebraska
11 that each have entirely within a county in Nebraska with a population of
12 less than one hundred thousand, and at which the majority of the business
13 activities conducted are described in subdivision (1)(a) or (1)(n) of
14 section 77-6818, the taxpayer shall be entitled to a credit equal to four
15 percent of the investment made in qualified property at the qualified
16 location or locations unless the cumulative investment exceeds ten
17 million dollars, in which case the taxpayer shall be entitled to a credit
18 equal to seven percent of the investment made in qualified property at
19 the qualified location or locations. For purposes of meeting the ten-
20 employee requirement of this subdivision, the number of new employees
21 shall be multiplied by two;

22 (b) If a taxpayer attains a cumulative investment in qualified
23 property of at least five million dollars and hires at least thirty new
24 employees at the qualified location or locations before the end of the
25 ramp-up period, the taxpayer shall be entitled to a credit equal to seven
26 percent of the investment made in qualified property at the qualified
27 location or locations;

28 (c) If a taxpayer attains a cumulative investment in qualified
29 property of at least two hundred fifty million dollars and hires at least
30 two hundred fifty new employees at the qualified location or locations
31 before the end of the ramp-up period, the taxpayer shall be entitled to a

1 credit equal to seven percent of the investment made in qualified
2 property at the qualified location or locations; or

3 (d) If a taxpayer attains a cumulative investment in qualified
4 property of at least two hundred fifty thousand dollars but less than one
5 million dollars and hires at least five new employees at the qualified
6 location or locations before the end of the ramp-up period and the number
7 of new employees and investment are at a qualified location within an
8 economic redevelopment area, the taxpayer shall be entitled to a credit
9 equal to four percent of the investment made in qualified property at the
10 qualified location or locations. For purposes of this subdivision,
11 economic redevelopment area means an area in which (i) the average rate
12 of unemployment in the area during the period covered by the most recent
13 federal decennial census or American Community Survey 5-Year Estimate is
14 at least one hundred fifty percent of the average rate of unemployment in
15 the state during the same period and (ii) the average poverty rate in the
16 area exceeds twenty percent for the total federal census tract or tracts
17 or federal census block group or block groups in the area.

18 (6)(a) The credit percentages prescribed in subdivisions (4)(a),
19 (b), (c), and (d) and subdivisions (5)(a), (b), and (c) of this section
20 shall be increased by one percentage point for wages paid and investments
21 made at qualified locations in an extremely blighted area. For purposes
22 of this subdivision, extremely blighted area means an area which, before
23 the end of the ramp-up period, has been declared an extremely blighted
24 area under section 18-2101.02.

25 (b) The credit percentages prescribed in subsections (4) and (5) of
26 this section shall be increased by one percentage point if the taxpayer:

27 (i) Is a benefit corporation as defined in section 21-403 and has
28 been such a corporation for at least one year prior to submitting an
29 application under the ImagiNE Nebraska Act; and

30 (ii) Remains a benefit corporation as defined in section 21-403 for
31 the duration of the taxpayer's agreement under the ImagiNE Nebraska Act.

1 (c) A taxpayer may, if qualified, receive one or both of the
2 increases provided in this subsection.

3 (7)(a) The credits prescribed in subsections (4) and (5) of this
4 section shall be allowable for wages paid and investments made during
5 each year of the performance period that the taxpayer is at or above the
6 required levels of employment and investment.

7 (b) The credits prescribed in subsection (5) of this section shall
8 also be allowable during the first year of the performance period for
9 investment in qualified property at the qualified location or locations
10 after the date of the complete application and before the beginning of
11 the performance period.

12 (8)(a) Property described in subdivision (8)(c) of this section used
13 at the qualified location or locations, whether purchased or leased, and
14 placed in service by the taxpayer after the date of the complete
15 application, shall constitute separate classes of property and are
16 eligible for exemption under the conditions and for the time periods
17 provided in subdivision (8)(b) of this section.

18 (b) A taxpayer shall receive the exemption of property in
19 subdivision (8)(c) of this section if the taxpayer attains one of the
20 following employment and investment levels: (i) Cumulative investment in
21 qualified property of at least five million dollars and the hiring of at
22 least thirty new employees at the qualified location or locations before
23 the end of the ramp-up period; (ii) cumulative investment in qualified
24 property of at least fifty million dollars at the qualified location or
25 locations before the end of the ramp-up period, provided the average
26 compensation of the taxpayer's employees at the qualified location or
27 locations for the year in which such investment level was attained equals
28 at least one hundred fifty percent of the Nebraska statewide average
29 hourly wage for the year of application and the taxpayer offers to its
30 employees who constitute full-time employees as defined and described in
31 section 4980H of the Internal Revenue Code of 1986, as amended, and the

1 regulations for such section, at the qualified location or locations for
2 the year in which such investment level was attained, the opportunity to
3 enroll in minimum essential coverage under an eligible employer-sponsored
4 plan, as those terms are defined and described in section 5000A of the
5 Internal Revenue Code of 1986, as amended, and the regulations for such
6 section; or (iii) cumulative investment in qualified property of at least
7 two hundred fifty million dollars and the hiring of at least two hundred
8 fifty new employees at the qualified location or locations before the end
9 of the ramp-up period. Such property shall be eligible for the exemption
10 from the first January 1 following the end of the year during which the
11 required levels were exceeded through the ninth December 31 after the
12 first year property included in subdivision (8)(c) of this section
13 qualifies for the exemption, except that for a taxpayer who has filed an
14 application under NAICS code 518210 for Data Processing, Hosting, and
15 Related Services and who files a separate sequential application for the
16 same NAICS code for which the ramp-up period begins with the year
17 immediately after the end of the previous project's performance period or
18 a taxpayer who has a project qualifying under subdivision (1)(b)(ii) of
19 section 77-5725 and who files a separate sequential application for NAICS
20 code 518210 for Data Processing, Hosting, and Related Services for which
21 the ramp-up period begins with the year immediately after the end of the
22 previous project's entitlement period, such property described in
23 subdivision (8)(c)(i) of this section shall be eligible for the exemption
24 from the first January 1 following the placement in service of such
25 property through the ninth December 31 after the year the first claim for
26 exemption is approved.

27 (c) The following personal property used at the qualified location
28 or locations, whether purchased or leased, and placed in service by the
29 taxpayer after the date of the complete application shall constitute
30 separate classes of personal property:

31 (i) All personal property that constitutes a data center if the

1 taxpayer qualifies under subdivision (8)(b)(i) or (8)(b)(ii) of this
2 section;

3 (ii) Business equipment that is located at a qualified location or
4 locations and that is involved directly in the manufacture or processing
5 of agricultural products if the taxpayer qualifies under subdivision (8)
6 (b)(i) or (8)(b)(ii) of this section; or

7 (iii) All personal property if the taxpayer qualifies under
8 subdivision (8)(b)(iii) of this section.

9 (d) In order to receive the property tax exemptions allowed by
10 subdivision (8)(c) of this section, the taxpayer shall annually file a
11 claim for exemption with the Tax Commissioner on or before May 1. The
12 form and supporting schedules shall be prescribed by the Tax Commissioner
13 and shall list all property for which exemption is being sought under
14 this section. A separate claim for exemption must be filed for each
15 agreement and each county in which property is claimed to be exempt. A
16 copy of this form must also be filed with the county assessor in each
17 county in which the applicant is requesting exemption. The Tax
18 Commissioner shall determine whether a taxpayer is eligible to obtain
19 exemption for personal property based on the criteria for exemption and
20 the eligibility of each item listed for exemption and, on or before
21 August 1, certify such determination to the taxpayer and to the affected
22 county assessor.

23 (9) The taxpayer shall, on or before the receipt or use of any
24 incentives under this section, pay to the director a fee of one-half
25 percent of such incentives, except for the exemption on personal
26 property, for administering the Imagine Nebraska Act, except that the fee
27 on any sales tax exemption may be paid by the taxpayer with the filing of
28 its sales and use tax return. Such fee may be paid by direct payment to
29 the director or through withholding of available refunds. A credit shall
30 be allowed against such fee for the amount of the fee paid with the
31 application. All fees collected under this subsection shall be remitted

1 to the State Treasurer for credit to the Imagine Nebraska Cash Fund,
2 which fund is hereby created. The fund shall consist of fees credited
3 under this subsection and any other money appropriated to the fund by the
4 Legislature. The fund shall be administered by the Department of Economic
5 Development and shall be used for administration of the Imagine Nebraska
6 Act. Any money in the fund available for investment shall be invested by
7 the state investment officer pursuant to the Nebraska Capital Expansion
8 Act and the Nebraska State Funds Investment Act.

9 Sec. 17. Section 77-6912, Revised Statutes Supplement, 2021, is
10 amended to read:

11 77-6912 Qualified location means any location in a city of the
12 metropolitan class or a city of the primary class that is used or will be
13 used by the taxpayer to conduct business activities and that is located
14 within an economic redevelopment area. More than one qualified location
15 may be part of the same agreement project.

16 Sec. 18. Section 77-6919, Revised Statutes Supplement, 2021, is
17 amended to read:

18 77-6919 (1) To earn the incentives set forth in the Urban
19 Redevelopment Act, the taxpayer shall file an application for an
20 agreement with the Director of Economic Development.

21 (2) The application shall:

22 (a) Identify the taxpayer applying for incentives;

23 (b) Identify the location or locations where the new investment and
24 employment will occur, including documentation to show that each such
25 location is a qualified location;

26 (c) State the estimated, projected amount of new investment and the
27 estimated, projected number of new equivalent employees; and

28 (d) Include an application fee of five hundred dollars. The fee
29 shall be remitted to the State Treasurer for credit to the Nebraska
30 Incentives Fund.

31 (3) Subject to the limit in subsection (4) of this section, the

1 director shall approve the application and authorize the total amount of
2 incentives expected to be earned ~~as a result of the project~~ if he or she
3 is satisfied that the qualified location or locations meet plan in the
4 ~~application defines a project that meets~~ the requirements established in
5 section 77-6920 and such requirements will be reached within the required
6 time period.

7 (4) The director shall not approve further applications once the
8 expected incentives from the approved projects total eight million
9 dollars. All but one hundred dollars of the application fee shall be
10 refunded to the applicant if the application is not approved for any
11 reason.

12 (5) Applications for incentives shall be considered in the order in
13 which they are received.

14 (6) The director has ninety days to approve a complete application.

15 (7) After approval, the taxpayer and the director shall enter into a
16 written agreement. As part of such agreement, the taxpayer shall agree to
17 increase the levels of employment and investment required by the act
18 ~~complete the project~~ and the director, on behalf of the State of
19 Nebraska, shall ~~designate the approved plans of the taxpayer as a project~~
20 ~~and~~, in consideration of the taxpayer's agreement, agree to allow the
21 taxpayer to use the incentives contained in the Urban Redevelopment Act
22 up to the total amount that were authorized by the director at the time
23 of approval. The application and all supporting documentation, to the
24 extent approved, shall be considered a part of the agreement. The
25 agreement shall state:

26 (a) The levels of employment and investment required by the act for
27 the project;

28 (b) The time period under the act in which the required levels must
29 be met;

30 (c) The documentation the taxpayer will need to supply when claiming
31 an incentive under the act;

1 (d) The date the application was filed; and

2 (e) The maximum amount of incentives authorized.

3 (8) The application, the agreement, all supporting information, and
4 all other information reported to the Director of Economic Development
5 shall be kept confidential by the director, except for the name of the
6 taxpayer, the location of the project, the estimated amounts of increased
7 employment and investment stated in the application, the date of the
8 complete application, the date the agreement was signed, and the
9 information required to be reported by section 77-6928. The application,
10 the agreement, and all supporting information shall be provided by the
11 director to the Department of Revenue. The director shall disclose, to
12 any municipalities in which project locations exist, the approval of an
13 application and the execution of an agreement under this section. The Tax
14 Commissioner shall also notify each municipality of the amount and
15 taxpayer identity for each refund of local option sales and use taxes of
16 the municipality within thirty days after the refund is allowed or
17 approved. Disclosures shall be kept confidential by the municipality
18 unless publicly disclosed previously by the taxpayer or by the State of
19 Nebraska.

20 (9) There shall be no new applications for incentives filed under
21 this section after December 31, 2031.

22 Sec. 19. Section 77-6920, Revised Statutes Supplement, 2021, is
23 amended to read:

24 77-6920 (1) A tax credit shall be allowed to any taxpayer who has an
25 approved application pursuant to the Urban Redevelopment Act if the
26 taxpayer:

27 (a) Attains a cumulative investment in qualified property of at
28 least one hundred fifty thousand dollars and hires at least five new
29 employees at the qualified location or locations before the end of the
30 ramp-up period; and

31 (b) Pays a minimum qualifying wage of seventy percent of the

1 Nebraska statewide average hourly wage to the new equivalent employees
2 for whom tax incentives are sought under the Urban Redevelopment Act.

3 (2) A tax credit shall be allowed to any taxpayer who has an
4 approved application pursuant to the Urban Redevelopment Act if the
5 taxpayer attains a cumulative investment in qualified property of at
6 least fifty thousand dollars at the qualified location or locations
7 before the end of the ramp-up period.

8 (3) Subject to subsection (5) of this section, the amount of the
9 credit allowed under subsection (1) of this section shall be:

10 (a) Three thousand dollars for each new equivalent employee, except
11 that such amount shall be increased by one thousand dollars for each
12 equivalent employee who lives in an economic redevelopment area; and

13 (b) Two thousand seven hundred fifty dollars for each fifty thousand
14 dollars of increased investment.

15 (4) Subject to subsection (5) of this section, the amount of the
16 credit allowed under subsection (2) of this section shall be five percent
17 of the investment.

18 (5) A taxpayer may qualify for a credit under either subsection (1)
19 or (2) of this section, but cannot qualify for a credit under both such
20 subsections. The credit shall not exceed fifty thousand dollars. The
21 taxpayer shall receive such credit for each year of the performance
22 period that the taxpayer is at or above the required levels of employment
23 and cumulative investment.

24 (6) A taxpayer shall not qualify for any credits under the Urban
25 Redevelopment Act if the taxpayer is receiving any benefits under any
26 other tax incentive program offered by the State of Nebraska.

27 (7) A teleworker working from his or her residence shall not be
28 considered an equivalent employee of the taxpayer for purposes of the
29 Urban Redevelopment Act unless the teleworker's residence is located in
30 the economic redevelopment area in which the taxpayer's qualified
31 location is located.

1 Sec. 20. There is hereby appropriated (1) \$473,696 from the General
2 Fund for FY2022-23 and (2) \$256,100 from the General Fund for FY2023-24
3 to the Department of Revenue, for Program 102, to aid in carrying out the
4 provisions of this legislative bill.

5 Total expenditures for permanent and temporary salaries and per
6 diems from funds appropriated in this section shall not exceed \$189,700
7 for FY2022-23 or \$193,500 for FY2023-24.

8 Sec. 21. Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 15, 17,
9 18, 19, and 22 of this act become operative three calendar months after
10 the adjournment of this legislative session. The other sections of this
11 act become operative on their effective date.

12 Sec. 22. Original section 77-908, Reissue Revised Statutes of
13 Nebraska, sections 77-2717, 77-2734.03, and 77-3806, Revised Statutes
14 Cumulative Supplement, 2020, and sections 77-2715.07, 77-6912, 77-6919,
15 and 77-6920, Revised Statutes Supplement, 2021, are repealed.

16 Sec. 23. Original sections 77-27,187.02 and 77-27,188, Reissue
17 Revised Statutes of Nebraska, and section 77-6831, Revised Statutes
18 Cumulative Supplement, 2020, are repealed.

19 Sec. 24. Since an emergency exists, this act takes effect when
20 passed and approved according to law.