

AMENDMENTS TO LB388

Introduced by Revenue.

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

3 Section 1. Sections 1 to 7 of this act shall be known and may be
4 cited as the Property Tax Growth Limitation Act.

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

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

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

13 (3) Consumer price index means the Consumer Price Index for All
14 Urban Consumers published by the federal Bureau of Labor Statistics;

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

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

21 (6) Growth value means the increase in a political subdivision's
22 total property valuation, including any increase to the valuation of any
23 tax increment financing project located in the political subdivision,
24 from the prior year to the current year due to (a) improvements to real
25 property as a result of new construction and additions to existing
26 buildings, (b) any other improvements to real property which increase the
27 value of such property, (c) annexation of real property by the political

1 subdivision, (d) a change in the use of real property and (e) any
2 increase in personal property valuation over the prior year;

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

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

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

10 (10) State aid means:

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

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

17 (c) For counties, state aid to counties paid pursuant to sections
18 60-3,184 to 60-3,190, insurance premium tax paid to counties, and
19 reimbursements to counties from funds appropriated pursuant to section
20 29-3933; and

21 (11) Tax increment financing project means a redevelopment project
22 as defined in section 18-2103 that is financed through the division of
23 taxes as provided in section 18-2147.

24 Sec. 3. (1) Except as otherwise provided in the Property Tax Growth
25 Limitation Act, for fiscal years beginning on or after July 1, 2024, a
26 political subdivision's property tax request for any year shall not
27 exceed its property tax request authority as determined under this
28 section. The preliminary property tax request authority for each
29 political subdivision shall be the amount of property taxes levied by the
30 county board of equalization pursuant to section 77-1601 for such
31 political subdivision in the prior fiscal year.

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

4 (a) The amount of property taxes levied in the prior year, less the
5 sum of exceptions utilized in the prior year pursuant to sections 4 and 5
6 of this act; and

7 (b) The greater of three percent or the percentage change in the
8 consumer price index over the most recently completed calendar year.

9 (3) A political subdivision may choose not to increase its total
10 property taxes levied by the full amount of the property tax request
11 authority allowed in this section in a particular year. In such cases,
12 the political subdivision may carry forward to future budget years the
13 amount of unused property tax request authority, but accumulation of
14 unused property tax request authority shall not exceed an aggregate of
15 five percent of the total property tax request authority from the prior
16 year.

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

20 (1) An amount equal to the political subdivision's growth percentage
21 multiplied by the amount determined under section 3 of this act;

22 (2) The amount of property taxes budgeted for approved bonds;

23 (3) The amount of property taxes needed to respond to an emergency
24 declared in the preceding year, as certified to the auditor;

25 (4) The amount of unused property tax request authority, subject to
26 the limitation provided in subsection (3) of section 3 of this act;

27 (5) The amount of property taxes budgeted in support of a service
28 relating to an imminent and significant threat to public safety or public
29 health that (a) was not previously provided by the political subdivision
30 and (b) is the subject of an agreement or a modification of an existing
31 agreement executed after the operative date of this act, whether provided

1 by one of the parties to the agreement or by an independent joint entity
2 or joint public agency;

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

5 (7) An amount equal to a six percent increase in compensation for
6 law enforcement officers, firefighters, or corrections officers, except
7 that this subdivision shall not apply unless the political subdivision
8 determines that it is understaffed with respect to law enforcement
9 officers, firefighters, or corrections officers. For law enforcement
10 officers, understaffing shall be determined using the strength of force
11 numbers established by the Nebraska Commission on Law Enforcement and
12 Criminal Justice. For firefighters, understaffing shall be determined
13 using National Fire Protection Association Standard 1710. For corrections
14 officers, understaffing shall be deemed to exist if the ratio of inmates
15 to direct custody staff exceeds fifteen to one for all shifts. The six
16 percent increase in compensation authorized in this subdivision shall be
17 in addition to any percentage increase in such compensation obtained
18 pursuant to subdivision (1) of this section.

19 Sec. 5. (1) A political subdivision may increase its property tax
20 request authority over the amount determined under section 3 of this act
21 if such increase is approved by a majority of legal voters voting on the
22 issue at an election described in subsection (2) of this section. Such
23 issue shall be placed on the ballot (a) upon the recommendation of the
24 governing body of such political subdivision or (b) upon the receipt by
25 the county clerk or election commissioner of a petition requesting such
26 issue to be placed on the ballot which is signed by at least five percent
27 of the legal voters of the political subdivision. The recommendation of
28 the governing body or the petition of the legal voters shall include the
29 amount by which the political subdivision would increase its property tax
30 request authority over and above the amount determined under section 3 of
31 this act.

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

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

27 Sec. 7. The auditor may adopt and promulgate rules and regulations
28 to carry out the Property Tax Growth Limitation Act.

29 Sec. 8. Sections 8 to 12 of this act shall be known and may be
30 cited as the Advertising Services Tax Act.

31 Sec. 9. For purposes of the Advertising Services Tax Act:

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

4 (2) Advertising services means all services, including digital
5 advertising services, directly related to the creation, preparation,
6 production, or dissemination of advertisements. The term includes, but is
7 not limited to, layout, art direction, graphic design, mechanical
8 preparation, production supervision, placement, and rendering advice to a
9 client concerning the best methods of advertising that client's products
10 or services. The term also includes online referrals, search engine
11 marketing and lead generation optimization, web campaign planning, the
12 acquisition of advertising space in the Internet media, and the
13 monitoring and evaluation of website traffic for purposes of determining
14 the effectiveness of an advertising campaign. The term does not include
15 web hosting services and domain name registration or the services of a
16 news media entity;

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

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

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

7 (6) Gross advertising revenue means income or revenue from
8 advertising services sourced to the United States using the sourcing
9 rules described in subdivision (3) of this section before any expenses or
10 taxes, computed according to generally accepted accounting principles;

11 (7) IP address means a unique string of characters or other
12 identifier assigned to each device connected to a network for
13 communication;

14 (8) News media entity means a broadcast radio or television station
15 licensed by the Federal Communications Commission or an entity engaged
16 primarily in the business of news gathering, reporting, or publishing
17 articles or commentary about news, current events, culture, or other
18 matters of public interest. The term does not include an entity that is
19 primarily an aggregator or republisher of third-party content;

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

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

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

25 Sec. 10. (1) A tax is imposed on a person that is subject to the
26 Internal Revenue Code or a group of persons subject to the Internal
27 Revenue Code that are part of the same unitary group or would otherwise
28 be members of the same unitary group, if incorporated, that are doing
29 business in Nebraska and whose combined gross advertising revenue exceeds
30 one billion dollars.

31 (2) The amount of the tax imposed under this section is seven and

1 one-half percent of a person's assessable base for the reporting period.

2 Sec. 11. The provisions of sections 77-2714 to 77-27,135 relating
3 to deficiencies, penalties, interest, the collection of delinquent
4 amounts, confidentiality, refunds, and appeal procedures for the tax
5 imposed by section 77-2734.02 shall also apply to the tax imposed by
6 section 10 of this act.

7 Sec. 12. The Tax Commissioner may adopt and promulgate rules and
8 regulations necessary to implement, administer, and enforce the
9 Advertising Services Tax Act.

10 Sec. 13. Section 13-518, Reissue Revised Statutes of Nebraska, is
11 amended to read:

12 13-518 For purposes of sections 13-518 to 13-522:

13 (1) Allowable growth means (a) for governmental units other than
14 community colleges, the percentage increase in taxable valuation in
15 excess of the base limitation established under section 77-3446, if any,
16 due to improvements to real property as a result of new construction,
17 additions to existing buildings, any improvements to real property which
18 increase the value of such property, and any increase in valuation due to
19 annexation and any personal property valuation over the prior year and
20 (b) for community colleges, the percentage increase in excess of the base
21 limitation, if any, in full-time equivalent students from the second year
22 to the first year preceding the year for which the budget is being
23 determined;

24 (2) Capital improvements means (a) acquisition of real property or
25 (b) acquisition, construction, or extension of any improvements on real
26 property;

27 (3) Governing body has the same meaning as in section 13-503, except
28 that such term does not include the governing body of any county, city,
29 or village;

30 (4) Governmental unit means every political subdivision which has
31 authority to levy a property tax or authority to request levy authority

1 under section 77-3443, except that such term does not include sanitary
2 and improvement districts which have been in existence for five years or
3 less, ~~and school districts, counties, cities, or villages;~~

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

11 (6) Restricted funds means (a) property tax, excluding any amounts
12 refunded to taxpayers, (b) payments in lieu of property taxes, (c) local
13 option sales taxes, (d) motor vehicle taxes, (e) state aid, (f) transfers
14 of surpluses from any user fee, permit fee, or regulatory fee if the fee
15 surplus is transferred to fund a service or function not directly related
16 to the fee and the costs of the activity funded from the fee, and (g) any
17 funds excluded from restricted funds for the prior year because they were
18 budgeted for capital improvements but which were not spent and are not
19 expected to be spent for capital improvements, ~~(h) the tax provided in~~
20 ~~sections 77-27,223 to 77-27,227 beginning in the second fiscal year in~~
21 ~~which the county will receive a full year of receipts, and (i) any excess~~
22 ~~tax collections returned to the county under section 77-1776. Funds~~
23 received pursuant to the nameplate capacity tax levied under section
24 77-6203 for the first five years after a renewable energy generation
25 facility has been commissioned are nonrestricted funds; and

26 (7) State aid means:

27 (a) For all governmental units, state aid paid pursuant to sections
28 60-3,202 and 77-3523 and reimbursement provided pursuant to section
29 77-1239;

30 ~~(b) For municipalities, state aid to municipalities paid pursuant to~~
31 ~~sections 39-2501 to 39-2520, 60-3,190, and 77-27,139.04 and insurance~~

1 ~~premium tax paid to municipalities;~~

2 ~~(c) For counties, state aid to counties paid pursuant to sections~~
3 ~~60-3,184 to 60-3,190, insurance premium tax paid to counties, and~~
4 ~~reimbursements to counties from funds appropriated pursuant to section~~
5 ~~29-3933;~~

6 ~~(b) (d) For community colleges, state aid to community colleges paid~~
7 ~~pursuant to the Community College Aid Act;~~

8 ~~(c) (e) For educational service units, state aid appropriated under~~
9 ~~sections 79-1241.01 and 79-1241.03; and~~

10 ~~(d) (f) For local public health departments as defined in section~~
11 ~~71-1626, state aid as distributed under section 71-1628.08.~~

12 Sec. 14. Section 13-519, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 13-519 (1)(a) Subject to subdivisions (1)(b) and (c) of this
15 section, for all fiscal years beginning on or after July 1, 1998, no
16 governmental unit shall adopt a budget containing a total of budgeted
17 restricted funds more than the last prior year's total of budgeted
18 restricted funds plus allowable growth plus the basic allowable growth
19 percentage of the base limitation established under section 77-3446. ~~For~~
20 ~~the second fiscal year in which a county will receive a full year of~~
21 ~~receipts from the tax imposed in sections 77-27,223 to 77-27,227, the~~
22 ~~prior year's total of restricted funds shall be the prior year's total of~~
23 ~~restricted funds plus the total receipts from the tax imposed in sections~~
24 ~~77-27,223 to 77-27,227 in the prior year.~~ If a governmental unit
25 transfers the financial responsibility of providing a service financed in
26 whole or in part with restricted funds to another governmental unit or
27 the state, the amount of restricted funds associated with providing the
28 service shall be subtracted from the last prior year's total of budgeted
29 restricted funds for the previous provider and may be added to the last
30 prior year's total of restricted funds for the new provider. For
31 governmental units that have consolidated, the calculations made under

1 this section for consolidating units shall be made based on the combined
2 total of restricted funds, population, or full-time equivalent students
3 of each governmental unit.

4 (b) For all fiscal years beginning on or after July 1, 2008,
5 educational service units may exceed the limitations of subdivision (1)
6 (a) of this section to the extent that one hundred ten percent of the
7 needs for the educational service unit calculated pursuant to section
8 79-1241.03 exceeds the budgeted restricted funds allowed pursuant to
9 subdivision (1)(a) of this section.

10 ~~(c) For fiscal year 2017-18, the last prior year's total of~~
11 ~~restricted funds for counties shall be the last prior year's total of~~
12 ~~restricted funds less the last prior year's restricted funds budgeted by~~
13 ~~counties under sections 39-2501 to 39-2520, plus the last prior year's~~
14 ~~amount of restricted funds budgeted by counties under sections 39-2501 to~~
15 ~~39-2520 to be used for capital improvements.~~

16 (c) ~~(d)~~ The limitations of subdivision (1)(a) of this section shall
17 not apply to the budget or budget statement adopted by a regional
18 metropolitan transit authority for the first five fiscal years commencing
19 on the January 1 that follows the effective date of the conversion of the
20 transit authority established under the Transit Authority Law into a
21 regional metropolitan transit authority.

22 (2) A governmental unit may exceed the limit provided in subdivision
23 (1)(a) of this section for a fiscal year by up to an additional one
24 percent upon the affirmative vote of at least seventy-five percent of the
25 governing body.

26 (3) A governmental unit may exceed the applicable allowable growth
27 percentage otherwise prescribed in this section by an amount approved by
28 a majority of legal voters voting on the issue at a special election
29 called for such purpose upon the recommendation of the governing body or
30 upon the receipt by the county clerk or election commissioner of a
31 petition requesting an election signed by at least five percent of the

1 legal voters of the governmental unit. The recommendation of the
2 governing body or the petition of the legal voters shall include the
3 amount and percentage by which the governing body would increase its
4 budgeted restricted funds for the ensuing year over and above the current
5 year's budgeted restricted funds. The county clerk or election
6 commissioner shall call for a special election on the issue within thirty
7 days after the receipt of such governing body recommendation or legal
8 voter petition. The election shall be held pursuant to the Election Act,
9 and all costs shall be paid by the governing body. The issue may be
10 approved on the same question as a vote to exceed the levy limits
11 provided in section 77-3444.

12 (4) In lieu of the election procedures in subsection (3) of this
13 section, any governmental unit may, for a period of one year, exceed the
14 allowable growth percentage otherwise prescribed in this section by an
15 amount approved by a majority of legal voters voting at a meeting of the
16 residents of the governmental unit, called after notice is published in a
17 newspaper of general circulation in the governmental unit at least twenty
18 days prior to the meeting. At least ten percent of the registered voters
19 residing in the governmental unit shall constitute a quorum for purposes
20 of taking action to exceed the allowable growth percentage. If a majority
21 of the registered voters present at the meeting vote in favor of
22 exceeding the allowable growth percentage, a copy of the record of that
23 action shall be forwarded to the Auditor of Public Accounts along with
24 the budget documents. The issue to exceed the allowable growth percentage
25 may be approved at the same meeting as a vote to exceed the limits or
26 final levy allocation provided in section 77-3444.

27 Sec. 15. Section 13-2817, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 13-2817 (1) Any municipality that is within the boundaries of a
30 municipal county that is not merged into the municipal county shall be
31 required to pay the municipal county for services that were previously

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

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

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

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

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

25 Sec. 16. Section 29-3933, Reissue Revised Statutes of Nebraska, is
26 amended to read:

27 29-3933 (1) Any county which intends to request reimbursement for a
28 portion of its expenditures for its indigent defense system must comply
29 with this section.

30 (2) In order to assist the Commission on Public Advocacy in its
31 budgeting process for determining future reimbursement amounts, after

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

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

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

28 (5) If the appropriated funds are insufficient in any quarter to
29 meet the amount needed for full payment of all county reimbursements for
30 net expenditures that are certified for that quarter, the commission
31 shall pay the counties their pro rata share of the remaining funds based

1 upon the percentage of the county's certified request in comparison to
2 the total certified requests for that quarter.

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

12 Sec. 17. Section 72-2305, Reissue Revised Statutes of Nebraska, is
13 amended to read:

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

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

27 72-2306 For joint projects described in subdivision (2)(b) of
28 section 72-2303, the principal amount of bonds which may be issued by a
29 qualified public agency under the Public Facilities Construction and
30 Finance Act shall not exceed two hundred fifty thousand dollars for
31 cities of the metropolitan and primary classes, one hundred thousand

1 dollars for counties, cities of the first class, school districts,
2 educational service units, and community colleges, and fifty thousand
3 dollars for cities of the second class and villages, as to the total
4 principal amount of such bonds which may be outstanding at any time, and
5 the annual amounts due by reason of such bonds from each qualified public
6 agency shall not exceed five percent of the total revenue from all
7 sources ~~restricted funds~~ of the obligated qualified public agency in the
8 year prior to issuance. The principal amount of bonds of a qualified
9 public agency in the aggregate issued for any one such joint project
10 shall not exceed two hundred and fifty thousand dollars for cities of the
11 metropolitan and primary classes and one hundred thousand dollars for
12 counties, cities of the first class, cities of the second class,
13 villages, school districts, educational service units, and community
14 colleges.

15 Sec. 19. Section 77-382, Revised Statutes Cumulative Supplement,
16 2022, is amended to read:

17 77-382 (1) The department shall prepare a tax expenditure report
18 describing (a) the basic provisions of the Nebraska tax laws, (b) the
19 actual or estimated revenue loss caused by the exemptions, deductions,
20 exclusions, deferrals, credits, and preferential rates in effect on July
21 1 of each year and allowed under Nebraska's tax structure and in the
22 property tax, (c) the actual or estimated revenue loss caused by failure
23 to impose sales and use tax on services purchased for nonbusiness use,
24 and (d) the elements which make up the tax base for state and local
25 income, including income, sales and use, property, and miscellaneous
26 taxes.

27 (2) The department shall review the major tax exemptions for which
28 state general funds are used to reduce the impact of revenue lost due to
29 a tax expenditure. The report shall indicate an estimate of the amount of
30 the reduction in revenue resulting from the operation of all tax
31 expenditures. The report shall list each tax expenditure relating to

1 sales and use tax under the following categories:

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

8 (b) Business across state lines, which shall include a separate
9 listing for the following items: Property shipped out-of-state;
10 fabrication labor for items to be shipped out-of-state; property to be
11 transported out-of-state; property purchased in other states to be used
12 in Nebraska; aircraft delivery to an out-of-state resident or business;
13 state reciprocal agreements for industrial machinery; and property taxed
14 in another state;

15 (c) Common carrier and logistics, which shall include a separate
16 listing for the following items: Railroad rolling stock and repair parts
17 and services; common or contract carriers and repair parts and services;
18 common or contract carrier accessories; and common or contract carrier
19 safety equipment;

20 (d) Consumer goods, which shall include a separate listing for the
21 following items: Motor vehicles and motorboat trade-ins; merchandise
22 trade-ins; certain medical equipment and medicine; newspapers;
23 laundromats; telefloral deliveries; motor vehicle discounts for the
24 disabled; and political campaign fundraisers;

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

28 (f) Food, which shall include a separate listing for the following
29 items: Food for home consumption; Supplemental Nutrition Assistance
30 Program; school lunches; meals sold by hospitals; meals sold by
31 institutions at a flat rate; food for the elderly, handicapped, and

1 Supplemental Security Income recipients; and meals sold by churches;

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

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

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

13 (j) Nonprofits, governments, and exempt entities, which shall
14 include a separate listing for the following items: Purchases by
15 political subdivisions of the state; purchases by churches and nonprofit
16 colleges and medical facilities; purchasing agents for public real estate
17 construction improvements; contractor as purchasing agent for public
18 agencies; ~~Nebraska lottery~~; admissions to school events; sales on Native
19 American Indian reservations; school-supporting fundraisers; fine art
20 purchases by a museum; purchases by the Nebraska State Fair Board;
21 purchases by the Nebraska Investment Finance Authority and licensees of
22 the State Racing and Gaming Commission; purchases by the United States
23 Government; public records; and sales by religious organizations;

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

27 (l) Services purchased for nonbusiness use, which shall include a
28 separate listing for each such service, including, but not limited to,
29 the following items: Motor vehicle cleaning, maintenance, and repair
30 services; ~~cleaning and repair of clothing~~; cleaning, maintenance, and
31 repair of other tangible personal property; maintenance, painting, and

1 repair of real property; entertainment admissions; personal care
2 services; lawn care, gardening, and landscaping services; ~~pet-related~~
3 ~~services~~; storage and moving services; household utilities; other
4 personal services; taxi, limousine, and other transportation services;
5 legal services; accounting services; other professional services; and
6 other real estate services; and

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

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

14 Sec. 20. Section 77-1632, Revised Statutes Supplement, 2023, is
15 amended to read:

16 77-1632 (1) If the annual assessment of property would result in an
17 increase in the total property taxes levied by a county, city, village,
18 school district, learning community, sanitary and improvement district,
19 natural resources district, educational service unit, or community
20 college, as determined using the previous year's rate of levy, such
21 political subdivision's property tax request for the current year shall
22 be no more than its property tax request in the prior year, and the
23 political subdivision's rate of levy for the current year shall be
24 decreased accordingly when such rate is set by the county board of
25 equalization pursuant to section 77-1601. The governing body of the
26 political subdivision shall pass a resolution or ordinance to set the
27 amount of its property tax request after holding the public hearing
28 required in subsection (3) of this section. If the governing body of a
29 political subdivision seeks to set its property tax request at an amount
30 that exceeds its property tax request in the prior year, it may do so,
31 subject to the limitations provided in the School District Property Tax

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

9 (2) If the annual assessment of property would result in no change
10 or a decrease in the total property taxes levied by a county, city,
11 village, school district, learning community, sanitary and improvement
12 district, natural resources district, educational service unit, or
13 community college, as determined using the previous year's rate of levy,
14 such political subdivision's property tax request for the current year
15 shall be no more than its property tax request in the prior year, and the
16 political subdivision's rate of levy for the current year shall be
17 adjusted accordingly when such rate is set by the county board of
18 equalization pursuant to section 77-1601. The governing body of the
19 political subdivision shall pass a resolution or ordinance to set the
20 amount of its property tax request after holding the public hearing
21 required in subsection (3) of this section. If the governing body of a
22 political subdivision seeks to set its property tax request at an amount
23 that exceeds its property tax request in the prior year, it may do so,
24 subject to the limitations provided in the School District Property Tax
25 Limitation Act and the Property Tax Growth Limitation Act, to the extent
26 ~~allowed by law~~ after holding the public hearing required in subsection
27 (3) of this section and by passing a resolution or ordinance that
28 complies with subsection (4) of this section. If any county, city, school
29 district, or community college seeks to increase its property tax request
30 by more than the allowable growth percentage, such political subdivision
31 shall comply with the requirements of section 77-1633 in lieu of the

1 requirements in subsections (3) and (4) of this section.

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

24 (4) Any resolution or ordinance setting a political subdivision's
25 property tax request under this section at an amount that exceeds the
26 political subdivision's property tax request in the prior year shall
27 include, but not be limited to, the following information:

28 (a) The name of the political subdivision;

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

30 (c) The following statements:

31 (i) The total assessed value of property differs from last year's

1 total assessed value by percent;

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

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

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

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

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

16 Sec. 21. Section 77-1633, Revised Statutes Supplement, 2023, is
17 amended to read:

18 77-1633 (1) For purposes of this section, political subdivision
19 means any county, city, school district, or community college.

20 (2) If any political subdivision seeks to increase its property tax
21 request by more than the allowable growth percentage, such political
22 subdivision may do so, subject to the limitations provided in the School
23 District Property Tax Limitation Act and the Property Tax Growth
24 Limitation Act, if the following requirements are met to the extent
25 allowed by law if:

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

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

31 (3)(a) Each political subdivision within a county that seeks to

1 increase its property tax request by more than the allowable growth
2 percentage shall participate in a joint public hearing. Each such
3 political subdivision shall designate one representative to attend the
4 joint public hearing on behalf of the political subdivision. If a
5 political subdivision includes area in more than one county, the
6 political subdivision shall be deemed to be within the county in which
7 the political subdivision's principal headquarters are located. At such
8 hearing, there shall be no items on the agenda other than discussion on
9 each political subdivision's intent to increase its property tax request
10 by more than the allowable growth percentage.

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

17 (c) The joint public hearing shall be held on or after September 14
18 and prior to September 24 and before any of the participating political
19 subdivisions file their adopted budget statement pursuant to section
20 13-508.

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

23 (e) The joint public hearing shall be organized by the county clerk
24 or his or her designee. At the joint public hearing, the designated
25 representative of each political subdivision shall give a brief
26 presentation on the political subdivision's intent to increase its
27 property tax request by more than the allowable growth percentage and the
28 effect of such request on the political subdivision's budget. The
29 presentation shall include:

30 (i) The name of the political subdivision;

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

1 (iii) The following statements:

2 (A) The total assessed value of property differs from last year's
3 total assessed value by percent;

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

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

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

13 (E) To obtain more information regarding the increase in the
14 property tax request, citizens may contact the (name of political
15 subdivision) at (telephone number and email address of political
16 subdivision).

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

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

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

23 (ii) By posting notice of the hearing on the home page of the
24 relevant county's website, except that this requirement shall only apply
25 if the county has a population of more than ten thousand inhabitants; and

26 (iii) By publishing notice of the hearing in a legal newspaper in or
27 of general circulation in the relevant county.

28 (h) Each political subdivision that participates in the joint public
29 hearing shall electronically send the information prescribed in
30 subdivision (3)(i) of this section to the county assessor by September 4.
31 The county clerk shall notify the county assessor of the date, time, and

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

21 (i) The postcard sent under this subsection and the notice posted on
22 the county's website, if required under subdivision (3)(g)(ii) of this
23 section, and published in the newspaper shall include the date, time, and
24 location for the joint public hearing, a listing of and telephone number
25 for each political subdivision that will be participating in the joint
26 public hearing, and the amount of each participating political
27 subdivision's property tax request. The postcard shall also contain the
28 following information:

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

31 (ii) The name of the county that will hold the joint public hearing,

1 which shall appear directly underneath the capitalized words described in
2 subdivision (3)(i)(i) of this section;

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

11 (iv) The parcel number for the property;

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

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

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

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

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

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

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

25 (4) After the joint public hearing required in subsection (3) of
26 this section, the governing body of each participating political
27 subdivision shall pass an ordinance or resolution to set such political
28 subdivision's property tax request. If the political subdivision is
29 increasing its property tax request over the amount from the prior year,
30 including any increase in excess of the allowable growth percentage, then
31 such ordinance or resolution shall include, but not be limited to, the

1 following information:

2 (a) The name of the political subdivision;

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

4 (c) The following statements:

5 (i) The total assessed value of property differs from last year's
6 total assessed value by percent;

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

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

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

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

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

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

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

25 (b) The name and address of each individual who spoke at the joint
26 public hearing, unless the address requirement is waived to protect the
27 security of the individual, and the name of any organization represented
28 by each such individual;

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

31 (d) The real growth value and real growth percentage for each

1 participating political subdivision;

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

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

7 Such report shall be delivered to the political subdivisions
8 participating in the joint public hearing within ten days after such
9 hearing.

10 Sec. 22. Section 77-1776, Revised Statutes Cumulative Supplement,
11 2022, is amended to read:

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

22 Sec. 23. Section 77-2602, Revised Statutes Cumulative Supplement,
23 2022, is amended to read:

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

1 not more than twenty cigarettes for the first twenty cigarettes in each
2 package and a tax of one-twentieth of the tax on the first twenty
3 cigarettes on each cigarette in excess of twenty cigarettes in each
4 package.

5 (2) Beginning October 1, 2004, the State Treasurer shall place the
6 equivalent of forty-nine cents of such tax in the General Fund. For
7 purposes of this section, the equivalent of a specified number of cents
8 of the tax shall mean that portion of the proceeds of the tax equal to
9 the specified number divided by the tax rate per package of cigarettes
10 containing not more than twenty cigarettes.

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

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

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

28 (c) Beginning October 1, 2002, and continuing until all the purposes
29 of the Deferred Building Renewal Act have been fulfilled, the State
30 Treasurer shall place the equivalent of seven cents of such tax in the
31 Building Renewal Allocation Fund. The distribution under this subdivision

1 shall not be less than the amount distributed under this subdivision for
2 FY1997-98. Any money needed to increase the amount distributed under this
3 subdivision to the FY1997-98 amount shall reduce the distribution to the
4 General Fund;

5 (d) Beginning July 1, 2016, and every fiscal year thereafter, the
6 State Treasurer shall place the equivalent of three million eight hundred
7 twenty thousand dollars of such tax in the Nebraska Public Safety
8 Communication System Cash Fund. If necessary, the State Treasurer shall
9 reduce the distribution of tax proceeds to the General Fund pursuant to
10 subsection (2) of this section by such amount required to fulfill the
11 distribution pursuant to this subdivision;~~and~~

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

19 (f) Beginning July 1, 2024, and every fiscal year thereafter, the
20 State Treasurer shall place the equivalent of thirty-six cents of such
21 tax in the Education Future Fund.

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

26 (5) The Legislature hereby finds and determines that the projects
27 funded from the Building Renewal Allocation Fund are of critical
28 importance to the State of Nebraska. It is the intent of the Legislature
29 that the allocations and appropriations made by the Legislature to such
30 fund not be reduced until all contracts and securities relating to the
31 construction and financing of the projects or portions of the projects

1 funded from such fund are completed or paid, and that until such time any
2 reductions in the cigarette tax rate made by the Legislature shall be
3 simultaneously accompanied by equivalent reductions in the amount
4 dedicated to the General Fund from cigarette tax revenue. Any provision
5 made by the Legislature for distribution of the proceeds of the cigarette
6 tax for projects or programs other than those to (a) the General Fund,
7 (b) the Nebraska Outdoor Recreation Development Cash Fund, (c) the Health
8 and Human Services Cash Fund, (d) the Building Renewal Allocation Fund,
9 (e) the Nebraska Public Safety Communication System Cash Fund, ~~and~~ (f)
10 the Nebraska Health Care Cash Fund, and (g) the Education Future Fund
11 shall not be made a higher priority than or an equal priority to any of
12 the programs or projects specified in subdivisions (a) through (g) ~~(f)~~ of
13 this subsection.

14 Sec. 24. Section 77-2701, Revised Statutes Supplement, 2023, is
15 amended to read:

16 77-2701 Sections 77-2701 to 77-27,135.01, 77-27,222, 77-27,235,
17 77-27,236, and 77-27,238 to 77-27,241 and section 28 of this act shall be
18 known and may be cited as the Nebraska Revenue Act of 1967.

19 Sec. 25. Section 77-2701.02, Revised Statutes Supplement, 2023, is
20 amended to read:

21 77-2701.02 (1) Pursuant to section 77-2715.01:

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

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

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

30 (d) ~~(4)~~ Commencing on the start of the first calendar quarter after
31 July 20, 2002, and until July 1, 2023, the rate of the sales tax levied

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

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

7 (f) Commencing July 1, 2024, and until January 1, 2025, the rate of
8 the sales tax levied pursuant to section 77-2703 shall be five and one-
9 half percent, except that (i) such rate shall be two and three-quarters
10 percent on transactions occurring within a good life district as defined
11 in section 77-4403, (ii) such rate shall be one hundred percent on
12 consumable hemp products, and (iii) such rate shall be twenty percent on
13 transactions involving a cash device as defined in section 77-3001 that
14 are subject to sales tax pursuant to subsection (2) of section 77-3005;
15 and

16 (g) Commencing January 1, 2025, the rate of the sales tax levied
17 pursuant to section 77-2703 shall be the rate determined pursuant to
18 subsection (2) of this section, except that (i) such rate shall be two
19 and three-quarters percent on transactions occurring within a good life
20 district as defined in section 77-4403, (ii) such rate shall be one
21 hundred percent on consumable hemp products, and (iii) such rate shall be
22 twenty percent on transactions involving a cash device as defined in
23 section 77-3001 that are subject to sales tax pursuant to subsection (2)
24 of section 77-3005.

25 (2)(a) Commencing January 1, 2025, the rate of the sales tax levied
26 pursuant to section 77-2703 shall be six and one-half percent, except
27 that if actual General Fund net receipts for fiscal year 2023-24 exceed
28 one hundred three and one-half percent of the most recent forecast of
29 General Fund net receipts for such fiscal year provided by the Nebraska
30 Economic Forecasting Advisory Board, the Tax Commissioner shall set the
31 rate in accordance with the following:

1 (i) If actual General Fund net receipts for fiscal year 2023-24
2 exceed one hundred three and one-half percent of forecasted General Fund
3 net receipts for such fiscal year by at least one hundred sixteen million
4 five hundred thousand dollars but less than two hundred thirty-three
5 million dollars, the rate shall be six and one-quarter percent;

6 (ii) If actual General Fund net receipts for fiscal year 2023-24
7 exceed one hundred three and one-half percent of forecasted General Fund
8 net receipts for such fiscal year by at least two hundred thirty-three
9 million dollars but less than three hundred forty-nine million five
10 hundred thousand dollars, the rate shall be six percent;

11 (iii) If actual General Fund net receipts for fiscal year 2023-24
12 exceed one hundred three and one-half percent of forecasted General Fund
13 net receipts for such fiscal year by at least three hundred forty-nine
14 million five hundred thousand dollars but less than four hundred sixty-
15 six million dollars, the rate shall be five and three-quarters percent;
16 and

17 (iv) If actual General Fund net receipts for fiscal year 2023-24
18 exceed one hundred three and one-half percent of forecasted General Fund
19 net receipts for such fiscal year by at least four hundred sixty-six
20 million dollars, the rate shall be five and one-half percent.

21 (b) The Tax Commissioner shall determine the applicable rate under
22 this subsection on or before July 15, 2024.

23 Sec. 26. Section 77-2701.04, Revised Statutes Supplement, 2023, is
24 amended to read:

25 77-2701.04 For purposes of sections 77-2701.04 to 77-2713 and
26 77-27,239 and section 28 of this act, unless the context otherwise
27 requires, the definitions found in sections 77-2701.05 to 77-2701.56 and
28 section 28 of this act shall be used.

29 Sec. 27. Section 77-2701.16, Revised Statutes Cumulative Supplement,
30 2022, is amended to read:

31 77-2701.16 (1) Gross receipts means the total amount of the sale or

1 lease or rental price, as the case may be, of the retail sales of
2 retailers.

3 (2) Gross receipts of every person engaged as a public utility
4 specified in this subsection, as a community antenna television service
5 operator, or as a satellite service operator or any person involved in
6 connecting and installing services defined in subdivision (2)(a), (b), or
7 (d) of this section means:

8 (a)(i) In the furnishing of telephone communication service, other
9 than mobile telecommunications service as described in section
10 77-2703.04, the gross income received from furnishing ancillary services,
11 except for conference bridging services, and intrastate
12 telecommunications services, except for value-added, nonvoice data
13 service.

14 (ii) In the furnishing of mobile telecommunications service as
15 described in section 77-2703.04, the gross income received from
16 furnishing mobile telecommunications service that originates and
17 terminates in the same state to a customer with a place of primary use in
18 Nebraska;

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

21 (c)(i) In the furnishing of gas, sewer, water, and electricity
22 service, other than electricity service to a customer-generator as
23 defined in section 70-2002, the gross income received from the furnishing
24 of such services upon billings or statements rendered to consumers for
25 such utility services.

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

30 (d) In the furnishing of community antenna television service or
31 satellite service, the gross income received from the furnishing of such

1 community antenna television service as regulated under sections 18-2201
2 to 18-2205 or 23-383 to 23-388 or satellite service; and

3 (e) The gross income received from the provision, installation,
4 construction, servicing, or removal of property used in conjunction with
5 the furnishing, installing, or connecting of any public utility services
6 specified in subdivision (2)(a) or (b) of this section or community
7 antenna television service or satellite service specified in subdivision
8 (2)(d) of this section, except when acting as a subcontractor for a
9 public utility, this subdivision does not apply to the gross income
10 received by a contractor electing to be treated as a consumer of building
11 materials under subdivision (2) or (3) of section 77-2701.10 for any such
12 services performed on the customer's side of the utility demarcation
13 point. This subdivision also does not apply to:

14 (i) The gross income received by a political subdivision of the
15 state, an electric cooperative, or an electric membership association for
16 the lease or use of, or by a contractor for the construction of or
17 services provided on, electric generation, transmission, distribution, or
18 street lighting structures or facilities owned by a political subdivision
19 of the state, an electric cooperative, or an electric membership
20 association; or

21 (ii) The gross income received for the lease or use of towers or
22 other structures primarily used in conjunction with the furnishing of (A)
23 Internet access services, (B) agricultural global positioning system
24 locating services, or (C) over-the-air radio and television broadcasting
25 licensed by the Federal Communications Commission, including antennas and
26 studio transmitter link systems. For purposes of this subdivision, studio
27 transmitter link system means a system which serves as a conduit to
28 deliver audio from its origin in a studio to a broadcast transmitter.

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

31 (a) In the furnishing of computer software, the gross income

1 received, including the charges for coding, punching, or otherwise
2 producing any computer software and the charges for the tapes, disks,
3 punched cards, or other properties furnished by the seller; and

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

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

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

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

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

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

21 (e) The gross income received for services of recreational vehicle
22 parks;

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

27 (g) The gross income received for animal specialty services,
28 including except (i) veterinary services, (ii) specialty services
29 performed on livestock as defined in section 54-183, and (iii) animal
30 grooming performed by a licensed veterinarian or a licensed veterinary
31 technician in conjunction with medical treatment and veterinary services,

1 but excluding veterinary services or other specialty services performed
2 on livestock as defined in section 54-183; and

3 (h) The gross income received for detective services; and -

4 (i) The gross income received for the cleaning of clothing,
5 excluding any amounts exempt pursuant to section 77-2704.14.

6 (5) Gross receipts includes the sale of admissions. When an
7 admission to an activity or a membership constituting an admission is
8 combined with the solicitation of a contribution, the portion or the
9 amount charged representing the fair market price of the admission shall
10 be considered a retail sale subject to the tax imposed by section
11 77-2703. The organization conducting the activity shall determine the
12 amount properly attributable to the purchase of the privilege, benefit,
13 or other consideration in advance, and such amount shall be clearly
14 indicated on any ticket, receipt, or other evidence issued in connection
15 with the payment.

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

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

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

24 (9) Gross receipts includes the retail sale of digital audio works,
25 digital audiovisual works, digital codes, and digital books delivered
26 electronically if the products are taxable when delivered on tangible
27 storage media. A sale includes the transfer of a permanent right of use,
28 the transfer of a right of use that terminates on some condition, and the
29 transfer of a right of use conditioned upon the receipt of continued
30 payments.

31 (10) Gross receipts includes any receipts from sales of tangible

1 personal property made over a multivendor marketplace platform that acts
2 as the intermediary by facilitating sales between a seller and the
3 purchaser and that, either directly or indirectly through agreements or
4 arrangements with third parties, collects payment from the purchaser and
5 transmits payment to the seller.

6 (11) Gross receipts does not include:

7 (a) The amount of any rebate granted by a motor vehicle or motorboat
8 manufacturer or dealer at the time of sale of the motor vehicle or
9 motorboat, which rebate functions as a discount from the sales price of
10 the motor vehicle or motorboat; or

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

13 Sec. 28. (1) Consumable hemp product means a finished product that
14 contains hemp as defined in section 2-503 and that has a delta-9
15 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry
16 weight basis.

17 (2) Consumable hemp product does not include a product made from the
18 mature stalks of a plant of the genus cannabis, fiber produced from such
19 stalks, oil or cake made from the seeds of such plant, any other
20 compound, manufacture, salt, derivative, mixture, or preparation of such
21 mature stalks, the sterilized seed of such plant which is incapable of
22 germination, or cannabidiol contained in a drug product approved by the
23 federal Food and Drug Administration.

24 Sec. 29. Section 77-2704.13, Reissue Revised Statutes of Nebraska,
25 is amended to read:

26 77-2704.13 Sales and use taxes shall not be imposed on the gross
27 receipts from the sale, lease, or rental of and the storage, use, or
28 other consumption in this state of:

29 (1) Sales and purchases of electricity, coal, gas, fuel oil, diesel
30 fuel, tractor fuel, propane, gasoline, coke, nuclear fuel, butane, wood
31 as fuel, and corn as fuel when more than fifty percent of the amount

1 purchased is for use directly in irrigation or farming;

2 (2) Sales and purchases of such energy sources or fuels when more
3 than fifty percent of the amount purchased is for use directly in
4 processing, manufacturing, or refining, in the generation of electricity,
5 in the compression of natural gas for retail sale as a vehicle fuel, or
6 by any hospital. For purposes of this subdivision, processing includes
7 the drying and aerating of grain in commercial agricultural facilities;
8 and

9 (3) Sales and purchases of water used for irrigation of agricultural
10 lands and manufacturing purposes; and -

11 (4) Beginning January 1, 2025, sales and purchases of electricity,
12 propane, and natural gas for residential use at the purchaser's primary
13 residence.

14 Sec. 30. Section 77-2704.24, Reissue Revised Statutes of Nebraska,
15 is amended to read:

16 77-2704.24 (1) Sales and use taxes shall not be imposed on the gross
17 receipts from the sale, lease, or rental of and the storage, use, or
18 other consumption in this state of food or food ingredients except for
19 prepared food and food sold through vending machines.

20 (2) For purposes of this section:

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

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

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

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

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

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

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

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

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

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

29 (B) Eggs, fish, meat, poultry, and foods containing these raw animal
30 foods requiring cooking by the consumer as recommended by the federal
31 Food and Drug Administration in chapter 3, part 401.11 of its Food Code,

1 as it existed on January 1, 2003, so as to prevent food borne illnesses;

2 (C) Food sold by a seller whose proper primary North American
3 Industry Classification System classification is manufacturing in sector
4 311, except subsector 3118, bakeries;

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

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

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

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

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

18 Sec. 31. Section 77-27,132, Revised Statutes Supplement, 2023, is
19 amended to read:

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

28 (2) The Tax Commissioner shall pay to a depository bank designated
29 by the State Treasurer all amounts collected under the Nebraska Revenue
30 Act of 1967. The Tax Commissioner shall present to the State Treasurer
31 bank receipts showing amounts so deposited in the bank, and of the

1 amounts so deposited the State Treasurer shall:

2 (a) For transactions occurring on or after October 1, 2014, and
3 before October 1, 2027, credit to the Game and Parks Commission Capital
4 Maintenance Fund all of the proceeds of the sales and use taxes imposed
5 pursuant to section 77-2703 on the sale or lease of motorboats as defined
6 in section 37-1204, personal watercraft as defined in section 37-1204.01,
7 all-terrain vehicles as defined in section 60-103, and utility-type
8 vehicles as defined in section 60-135.01;

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

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

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

27 (e) For transactions occurring on or after July 1, 2023, credit to
28 the Department of Transportation Aeronautics Capital Improvement Fund all
29 of the proceeds of the sales and use taxes imposed pursuant to section
30 77-2703 on the sale or lease of aircraft as defined in section 3-101.

31 The balance of all amounts collected under the Nebraska Revenue Act

1 of 1967 shall be credited to the General Fund.

2 Sec. 32. Section 77-27,142, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 77-27,142 (1) Any incorporated municipality other than a city of the
5 metropolitan class by ordinance of its governing body is hereby
6 authorized to impose a sales and use tax of one-half percent, one
7 percent, one and one-half percent, one and three-quarters percent, or two
8 percent upon the same transactions that are sourced under the provisions
9 of sections 77-2703.01 to 77-2703.04 within such incorporated
10 municipality on which the State of Nebraska is authorized to impose a tax
11 pursuant to the Nebraska Revenue Act of 1967, as amended from time to
12 time. Any city of the metropolitan class by ordinance of its governing
13 body is hereby authorized to impose a sales and use tax of one-half
14 percent, one percent, or one and one-half percent upon the same
15 transactions that are sourced under the provisions of sections 77-2703.01
16 to 77-2703.04 within such city of the metropolitan class on which the
17 State of Nebraska is authorized to impose a tax pursuant to the Nebraska
18 Revenue Act of 1967, as amended from time to time. No sales and use tax
19 shall be imposed pursuant to this section until an election has been held
20 and a majority of the qualified electors have approved such tax pursuant
21 to sections 77-27,142.01 and 77-27,142.02.

22 (2)(a) Any incorporated municipality that proposes to impose a
23 municipal sales and use tax at a rate greater than one and one-half
24 percent or increase a municipal sales and use tax to a rate greater than
25 one and one-half percent shall submit the question of such tax or
26 increase at a primary or general election held within the incorporated
27 municipality. The question shall be submitted upon an affirmative vote by
28 at least seventy percent of all of the members of the governing body of
29 the incorporated municipality.

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

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

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

14 For purposes of this section, public infrastructure project means
15 and includes, but is not limited to, any of the following projects, or
16 any combination thereof: Public highways and bridges and municipal roads,
17 streets, bridges, and sidewalks; solid waste management facilities;
18 wastewater, storm water, and water treatment works and systems, water
19 distribution facilities, and water resources projects, including, but not
20 limited to, pumping stations, transmission lines, and mains and their
21 appurtenances; hazardous waste disposal systems; resource recovery
22 systems; airports; port facilities; buildings and capital equipment used
23 in the operation of municipal government; convention and tourism
24 facilities; redevelopment projects as defined in section 18-2103; mass
25 transit and other transportation systems, including parking facilities;
26 and equipment necessary for the provision of municipal services.

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

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

8 ~~(e) Sections 13-518 to 13-522 apply to the revenue from any such tax~~
9 ~~or increase.~~

10 (3)(a) No municipal sales and use tax shall be imposed at a rate
11 greater than one and one-half percent or increased to a rate greater than
12 one and one-half percent unless the municipality is a party to an
13 interlocal agreement pursuant to the Interlocal Cooperation Act or a
14 joint public agency agreement pursuant to the Joint Public Agency Act
15 with a political subdivision within the municipality or the county in
16 which the municipality is located creating a separate legal or
17 administrative entity relating to a public infrastructure project.

18 (b) Except as provided in subdivision (2)(b)(i) of this section,
19 such interlocal agreement or joint public agency agreement shall contain
20 provisions, including benchmarks, relating to the long-term development
21 of unified governance of public infrastructure projects with respect to
22 the parties. The Legislature may provide additional requirements for such
23 agreements, including benchmarks, but such additional requirements shall
24 not apply to any debt outstanding at the time the Legislature enacts such
25 additional requirements. The separate legal or administrative entity
26 created shall not be one that was in existence for one calendar year
27 preceding the submission of the question of such tax or increase at a
28 primary or general election held within the incorporated municipality.

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

1 (d) A municipality is not required to use all of the additional
2 revenue generated by a sales and use tax imposed at a rate greater than
3 one and one-half percent or increased to a rate greater than one and one-
4 half percent under this subsection for the purposes of the interlocal
5 cooperation agreement or joint public agency agreement set forth in this
6 subsection.

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

10 (5) Notwithstanding any provision of any municipal charter, any
11 incorporated municipality or interlocal agency or joint public agency
12 pursuant to an agreement as provided in subsection (3) of this section
13 may issue bonds in one or more series for any municipal purpose and pay
14 the principal of and interest on any such bonds by pledging receipts from
15 the increase in the municipal sales and use taxes authorized by such
16 municipality. Any municipality which has or may issue bonds under this
17 section may dedicate a portion of its property tax levy authority as
18 provided in section 77-3442 to meet debt service obligations under the
19 bonds. For purposes of this subsection, bond means any evidence of
20 indebtedness, including, but not limited to, bonds, notes including notes
21 issued pending long-term financing arrangements, warrants, debentures,
22 obligations under a loan agreement or a lease-purchase agreement, or any
23 similar instrument or obligation.

24 Sec. 33. Section 77-27,144, Revised Statutes Cumulative Supplement,
25 2022, is amended to read:

26 77-27,144 (1) The Tax Commissioner shall collect the tax imposed by
27 any incorporated municipality concurrently with collection of a state tax
28 in the same manner as the state tax is collected. The Tax Commissioner
29 shall remit monthly the proceeds of the tax to the incorporated
30 municipalities levying the tax, after deducting the amount of refunds
31 made and three percent of the remainder to be credited to the Municipal

1 Equalization Fund.

2 (2)(a) Deductions for a refund made pursuant to section 77-4105,
3 77-4106, 77-5725, or 77-5726 and owed by a city of the first class, city
4 of the second class, or village shall be delayed for one year after the
5 refund has been made to the taxpayer. The Department of Revenue shall
6 notify the municipality liable for a refund exceeding one thousand five
7 hundred dollars of the pending refund, the amount of the refund, and the
8 month in which the deduction will be made or begin, except that if the
9 amount of a refund claimed under section 77-4105, 77-4106, 77-5725, or
10 77-5726 exceeds twenty-five percent of the municipality's total sales and
11 use tax receipts, net of any refunds or sales tax collection fees, for
12 the municipality's prior fiscal year, the department shall deduct the
13 refund over the period of one year in equal monthly amounts beginning
14 after the one-year notification period required by this subdivision.

15 (b) Deductions for a refund made pursuant to section 77-4105,
16 77-4106, 77-5725, or 77-5726 and owed by a city of the metropolitan class
17 or city of the primary class shall be made as follows:

18 (i) During calendar year 2023, such deductions shall be made in
19 accordance with subsection (1) of this section; and

20 (ii) During calendar year 2024 and each calendar year thereafter,
21 such deductions shall be made based on estimated amounts as described in
22 this subdivision. On or before March 1, 2023, and on or before March 1 of
23 each year thereafter, the Department of Revenue shall notify each city of
24 the metropolitan class and city of the primary class of the total amount
25 of such refunds that are estimated to be paid during the following
26 calendar year. Such estimated amount shall be used to establish the total
27 amount to be deducted in the following calendar year. The department
28 shall deduct such amount over the following calendar year in twelve equal
29 monthly amounts. Beginning with the notification sent in calendar year
30 2025, the notification shall include any adjustment needed for the prior
31 calendar year to account for any difference between the estimated amount

1 deducted in such prior calendar year and the actual amount of refunds
2 paid in such year.

3 (3) Deductions for a refund made pursuant to the Imagine Nebraska
4 Act shall be delayed as provided in this subsection after the refund has
5 been made to the taxpayer. The Department of Revenue shall notify each
6 municipality liable for a refund exceeding one thousand five hundred
7 dollars of the pending refund and the amount of the refund claimed under
8 the Imagine Nebraska Act. The notification shall be made by March 1 of
9 each year beginning in 2021 and shall be used to establish the refund
10 amount for the following calendar year. The notification shall include
11 any excess or underpayment from the prior calendar year. The department
12 shall deduct the refund over a period of one year in equal monthly
13 amounts beginning in January following the notification. This subsection
14 applies to total annual refunds exceeding one million dollars or twenty-
15 five percent of the municipality's total sales and use tax receipts for
16 the prior fiscal year, whichever is the lesser amount.

17 (4) Deductions for a refund made pursuant to the Urban Redevelopment
18 Act shall be delayed as provided in this subsection after the refund has
19 been made to the taxpayer. The Department of Revenue shall notify each
20 municipality liable for a refund exceeding one thousand five hundred
21 dollars of the pending refund and the amount of the refund claimed under
22 the Urban Redevelopment Act. The notification shall be made by March 1 of
23 each year beginning in 2022 and shall be used to establish the refund
24 amount for the following calendar year. The notification shall include
25 any excess or underpayment from the prior calendar year. The department
26 shall deduct the refund over a period of one year in equal monthly
27 amounts beginning in January following the notification. This subsection
28 applies to total annual refunds exceeding one million dollars or twenty-
29 five percent of the municipality's total sales and use tax receipts for
30 the prior fiscal year, whichever is the lesser amount.

31 (5) The Tax Commissioner shall keep full and accurate records of all

1 money received and distributed under the provisions of the Local Option
2 Revenue Act. When proceeds of a tax levy are received but the identity of
3 the incorporated municipality which levied the tax is unknown and is not
4 identified within six months after receipt, the amount shall be credited
5 to the Municipal Equalization Fund. The municipality may request the
6 names and addresses of the retailers which have collected the tax as
7 provided in subsection (13) of section 77-2711 and may certify an
8 individual to request and review confidential sales and use tax returns
9 and sales and use tax return information as provided in subsection (14)
10 of section 77-2711.

11 (6)(a) Every qualifying business that has filed an application to
12 receive tax incentives under the Employment and Investment Growth Act,
13 the Nebraska Advantage Act, the Imagine Nebraska Act, or the Urban
14 Redevelopment Act shall, with respect to such acts, provide annually to
15 each municipality, in aggregate data, the maximum amount the qualifying
16 business is eligible to receive in the current year in refunds of local
17 sales and use taxes of the municipality and exemptions for the previous
18 year, and the estimate of annual refunds of local sales and use taxes of
19 the municipality and exemptions such business intends to claim in each
20 future year. Such information shall be kept confidential by the
21 municipality unless publicly disclosed previously by the taxpayer or by
22 the State of Nebraska.

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

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

29 (d) Any amounts held by a municipality to make sales and use tax
30 refunds under the Employment and Investment Growth Act, the Nebraska
31 Advantage Act, the Imagine Nebraska Act, and the Urban Redevelopment Act

1 shall not count toward ~~any budgeted restricted funds limitation as~~
2 ~~provided in section 13-519 or toward~~ any cash reserve limitation as
3 provided in section 13-504 and shall be excluded from the limitations of
4 the Property Tax Growth Limitation Act.

5 Sec. 34. Section 77-3005, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 77-3005 (1) The occupation tax levied and imposed by the Mechanical
8 Amusement Device Tax Act shall be in addition to any and all taxes or
9 fees, of any form whatsoever, now imposed by the State of Nebraska or any
10 of its subdivisions, upon the business of operating or distributing
11 mechanical amusement devices as defined in section 77-3001, or otherwise
12 defined by the subdivisions and municipalities of the State of Nebraska,
13 except as provided in subsection (2) of this section.

14 (2) ~~Payment that payment~~ of the tax and license fees due and owing
15 on or before the licensing date of each year shall exempt any such
16 mechanical amusement device from the application of the sales tax which
17 would or could otherwise be imposed under the Nebraska Revenue Act of
18 1967, except that such exemption shall not apply to any cash device.

19 (3) Nonpayment of the taxes or fees due and owing on or before the
20 licensing date of each year shall render the exemption provided by
21 subsection (2) of this section inapplicable and the particular machines
22 or devices shall then be subject to all the provisions of the Nebraska
23 Revenue Act of 1967, including the penalty provisions pertaining to the
24 owner or operator of such machines or devices.

25 Sec. 35. Section 77-3446, Revised Statutes Cumulative Supplement,
26 2022, is amended to read:

27 77-3446 Base limitation means the budget limitation rate applicable
28 to school districts and the limitation on growth of restricted funds
29 applicable to other political subdivisions prior to any increases in the
30 rate as a result of special actions taken by a supermajority of any
31 governing board or of any exception allowed by law. The base limitation

1 is ~~three two and one-half~~ percent until adjusted, ~~except that the base~~
2 ~~limitation for school districts for school fiscal years 2017-18 and~~
3 ~~2018-19 is one and one-half percent and for school fiscal year 2019-20 is~~
4 ~~two~~ percent. The base limitation may be adjusted annually by the
5 Legislature to reflect changes in the prices of services and products
6 used by school districts and political subdivisions.

7 Sec. 36. Section 77-4008, Revised Statutes Supplement, 2023, is
8 amended to read:

9 77-4008 (1)(a) A tax is hereby imposed upon the first owner of
10 tobacco products to be sold in this state.

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

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

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

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

1 within this state.

2 (f) The tax on tobacco products other than snuff and electronic
3 nicotine delivery systems shall be twenty percent of (i) the purchase
4 price of such tobacco products paid by the first owner or (ii) the price
5 at which a first owner who made, manufactured, or fabricated the tobacco
6 product sells the items to others.

7 (g) The tax on tobacco products shall be in addition to all other
8 taxes.

9 (2) Whenever any person who is licensed under section 77-4009
10 purchases tobacco products from another person licensed under section
11 77-4009, the seller shall be liable for the payment of the tax.

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

14 Sec. 37. Section 77-4602, Revised Statutes Cumulative Supplement,
15 2022, is amended to read:

16 77-4602 (1) Within fifteen days after the end of each month, the Tax
17 Commissioner shall provide a public statement of actual General Fund net
18 receipts, a comparison of such actual net receipts to the monthly
19 estimated net receipts from the most recent forecast provided by the
20 Nebraska Economic Forecasting Advisory Board pursuant to section
21 77-27,158, and a comparison of such actual net receipts to the monthly
22 actual net receipts for the same month of the previous fiscal year.

23 (2) Within fifteen days after the end of each fiscal year, the
24 public statement shall also include (a) a summary of actual General Fund
25 net receipts and estimated General Fund net receipts for the fiscal year
26 as certified pursuant to sections 77-4601 and 77-4603 and (b) a
27 comparison of the actual General Fund net receipts for the fiscal year to
28 the actual General Fund net receipts for the previous fiscal year.

29 (3) If actual General Fund net receipts for the most recently
30 completed fiscal year exceed estimated General Fund net receipts for such
31 fiscal year, as reported pursuant to subsection (2) of this section, the

1 Tax Commissioner shall certify the excess amount to the State Treasurer.
2 The State Treasurer shall transfer the excess amount to the Cash Reserve
3 Fund, except as otherwise provided in subsection (4) of this section.

4 (4) If actual General Fund net receipts for the most recently
5 completed fiscal year exceed one hundred three and one-half percent of
6 actual General Fund net receipts for the previous fiscal year, the
7 transfer described in subsection (3) of this section shall be modified as
8 follows:

9 (a) The amount transferred to the Cash Reserve Fund shall be reduced
10 by the excess amount calculated under this subsection; and

11 (b) Such excess amount shall be transferred to the Education Future
12 Fund.

13 ~~(3)(a) Within fifteen days after the end of fiscal year 2020-21 and~~
14 ~~each fiscal year thereafter through fiscal year 2022-23, the Tax~~
15 ~~Commissioner shall determine the balance of the Cash Reserve Fund.~~

16 ~~(b) If the balance of the Cash Reserve Fund is less than five~~
17 ~~hundred million dollars:~~

18 ~~(i) The Tax Commissioner shall determine:~~

19 ~~(A) Actual General Fund net receipts for the most recently completed~~
20 ~~fiscal year minus estimated General Fund net receipts for such fiscal~~
21 ~~year as certified pursuant to sections 77-4601 and 77-4603; and~~

22 ~~(B) Actual General Fund net receipts for the most recently completed~~
23 ~~fiscal year minus one hundred three and one-half percent of actual~~
24 ~~General Fund net receipts for the prior fiscal year.~~

25 ~~(ii) If the amounts calculated under subdivisions (3)(b)(i)(A) and~~
26 ~~(3)(b)(i)(B) of this section are both positive numbers, the Tax~~
27 ~~Commissioner shall certify (A) the amount determined under subdivision~~
28 ~~(3)(b)(i)(A) of this section and (B) fifty percent of the amount~~
29 ~~determined under subdivision (3)(b)(i)(B) of this section to the State~~
30 ~~Treasurer. The State Treasurer shall transfer the difference between the~~
31 ~~two certified amounts to the Cash Reserve Fund.~~

1 ~~(iii) If the amount calculated under subdivision (3)(b)(i)(A) of~~
2 ~~this section is a positive number but the amount calculated under~~
3 ~~subdivision (3)(b)(i)(B) of this section is a negative number, the Tax~~
4 ~~Commissioner shall certify the amount determined under subdivision (3)(b)~~
5 ~~(i)(A) of this section to the State Treasurer and the State Treasurer~~
6 ~~shall transfer such certified amount to the Cash Reserve Fund.~~

7 ~~(c) If the balance of the Cash Reserve Fund is five hundred million~~
8 ~~dollars or more:~~

9 ~~(i) The Tax Commissioner shall determine:~~

10 ~~(A) Actual General Fund net receipts for the most recently completed~~
11 ~~fiscal year minus estimated General Fund net receipts for such fiscal~~
12 ~~year as certified pursuant to sections 77-4601 and 77-4603; and~~

13 ~~(B) Actual General Fund net receipts for the most recently completed~~
14 ~~fiscal year minus one hundred three and one half percent of actual~~
15 ~~General Fund net receipts for the prior fiscal year.~~

16 ~~(ii) If the amounts calculated under subdivisions (3)(c)(i)(A) and~~
17 ~~(3)(c)(i)(B) of this section are both positive numbers, the Tax~~
18 ~~Commissioner shall certify (A) the amount determined under subdivision~~
19 ~~(3)(c)(i)(A) of this section and (B) the amount determined under~~
20 ~~subdivision (3)(c)(i)(B) of this section to the State Treasurer. The~~
21 ~~State Treasurer shall transfer the difference between the two certified~~
22 ~~amounts to the Cash Reserve Fund.~~

23 ~~(iii) If the amount calculated under subdivision (3)(c)(i)(A) of~~
24 ~~this section is a positive number but the amount calculated under~~
25 ~~subdivision (3)(c)(i)(B) of this section is a negative number, the Tax~~
26 ~~Commissioner shall certify the amount determined under subdivision (3)(c)~~
27 ~~(i)(A) of this section to the State Treasurer and the State Treasurer~~
28 ~~shall transfer such certified amount to the Cash Reserve Fund.~~

29 ~~(4)(a) Within fifteen days after the end of fiscal year 2023-24 and~~
30 ~~each fiscal year thereafter, the Tax Commissioner shall determine the~~
31 ~~following:~~

1 ~~(i) Actual General Fund net receipts for the most recently completed~~
2 ~~fiscal year minus estimated General Fund net receipts for such fiscal~~
3 ~~year as certified pursuant to sections 77-4601 and 77-4603; and~~

4 ~~(ii) Fifty percent of the product of actual General Fund net~~
5 ~~receipts for the most recently completed fiscal year times the difference~~
6 ~~between the annual percentage increase in the actual General Fund net~~
7 ~~receipts for the most recently completed fiscal year and the average~~
8 ~~annual percentage increase in the actual General Fund net receipts over~~
9 ~~the twenty previous fiscal years, excluding the year in which the annual~~
10 ~~percentage change in actual General Fund net receipts is the lowest.~~

11 ~~(b) If the number determined under subdivision (4)(a)(i) of this~~
12 ~~section is a positive number, the Tax Commissioner shall immediately~~
13 ~~certify the greater of the two numbers determined under subdivision (4)~~
14 ~~(a) of this section to the director. The State Treasurer shall transfer~~
15 ~~the certified amount from the General Fund to the Cash Reserve Fund upon~~
16 ~~certification by the director of such amount. The transfer shall be made~~
17 ~~according to the following schedule:~~

18 ~~(i) An amount equal to the amount determined under subdivision (4)~~
19 ~~(a)(i) of this section shall be transferred immediately; and~~

20 ~~(ii) The remainder, if any, shall be transferred by the end of the~~
21 ~~subsequent fiscal year.~~

22 ~~(c) If the transfer required under subdivision (4)(b) of this~~
23 ~~section causes the balance in the Cash Reserve Fund to exceed sixteen~~
24 ~~percent of the total budgeted General Fund expenditures for the current~~
25 ~~fiscal year, such transfer shall be reduced so that the balance of the~~
26 ~~Cash Reserve Fund does not exceed such amount.~~

27 ~~(d) Nothing in this subsection prohibits the balance in the Cash~~
28 ~~Reserve Fund from exceeding sixteen percent of the total budgeted General~~
29 ~~Fund expenditures each fiscal year if the Legislature determines it~~
30 ~~necessary to prepare for and respond to budgetary requirements which may~~
31 ~~include, but are not limited to, capital construction projects and~~

1 ~~responses to emergencies.~~

2 Sec. 38. Section 77-6703, Revised Statutes Supplement, 2023, is
3 amended to read:

4 77-6703 (1) For taxable years beginning or deemed to begin on or
5 after January 1, 2020, under the Internal Revenue Code of 1986, as
6 amended, there shall be allowed to each eligible taxpayer a refundable
7 credit against the income tax imposed by the Nebraska Revenue Act of 1967
8 or against the franchise tax imposed by sections 77-3801 to 77-3807. The
9 credit shall be equal to the credit percentage for the taxable year, as
10 set by the department under subsection (2) of this section, multiplied by
11 the amount of school district taxes paid by the eligible taxpayer during
12 such taxable year.

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

17 ~~(b) For taxable years beginning or deemed to begin during calendar~~
18 ~~year 2021, the department shall set the credit percentage so that the~~
19 ~~total amount of credits for such taxable years shall be one hundred~~
20 ~~twenty-five million dollars plus either (i) the amount calculated for~~
21 ~~such calendar year under subdivision (3)(b)(ii)(B) of section 77-4602 or~~
22 ~~(ii) the amount calculated for such calendar year under subdivision (3)~~
23 ~~(c)(ii)(B) of section 77-4602, whichever is applicable;~~

24 (2)(a) ~~(c)~~ For taxable years beginning or deemed to begin during
25 calendar year 2022, the department shall set the credit percentage so
26 that the total amount of credits for such taxable years shall be five
27 hundred forty-eight million dollars;

28 (b) ~~(d)~~ For taxable years beginning or deemed to begin during
29 calendar year 2023, the department shall set the credit percentage so
30 that the total amount of credits for such taxable years shall be five
31 hundred sixty million seven hundred thousand dollars;

1 (c) ~~(e)~~ For taxable years beginning or deemed to begin during
2 calendar year 2024 through calendar year 2028, the department shall set
3 the credit percentage so that the total amount of credits for such
4 taxable years shall be the maximum amount of credits allowed in the prior
5 year increased by the allowable growth percentage;

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

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

17 (3) If the school district taxes are paid by a corporation having an
18 election in effect under subchapter S of the Internal Revenue Code, a
19 partnership, a limited liability company, a trust, or an estate, the
20 amount of school district taxes paid during the taxable year may be
21 allocated to the shareholders, partners, members, or beneficiaries in the
22 same proportion that income is distributed for taxable years beginning or
23 deemed to begin before January 1, 2021, under the Internal Revenue Code
24 of 1986, as amended. The department shall provide forms and schedules
25 necessary for verifying eligibility for the credit provided in this
26 section and for allocating the school district taxes paid. For taxable
27 years beginning or deemed to begin on or after January 1, 2021, under the
28 Internal Revenue Code of 1986, as amended, the refundable credit shall be
29 claimed by the corporation having an election in effect under subchapter
30 S of the Internal Revenue Code, the partnership, the limited liability
31 company, the trust, or the estate that paid the school district taxes.

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

6 (5) For the first taxable year beginning or deemed to begin on or
7 after January 1, 2021, and before January 1, 2022, under the Internal
8 Revenue Code of 1986, as amended, for a corporation having an election in
9 effect under subchapter S of the Internal Revenue Code, a partnership, a
10 limited liability company, a trust, or an estate that paid school
11 district taxes in calendar year 2020 but did not claim the credit
12 directly or allocate such school district taxes to the shareholders,
13 partners, members, or beneficiaries as permitted under subsection (3) of
14 this section, there shall be allowed an additional refundable credit.
15 This credit shall be equal to six percent, multiplied by the amount of
16 school district taxes paid during 2020 by the eligible taxpayer.

17 Sec. 39. Section 79-1021, Revised Statutes Supplement, 2023, is
18 amended to read:

19 79-1021 (1) The Education Future Fund is created. The fund shall be
20 administered by the department and shall consist of money transferred to
21 the fund by the Legislature and money received pursuant to sections
22 77-2602 and 77-4602. Any money in the fund available for investment shall
23 be invested by the state investment officer pursuant to the Nebraska
24 Capital Expansion Act and the Nebraska State Funds Investment Act.

25 (2) The fund shall be used only for the following purposes, in order
26 of priority:

27 (a) To fully fund equalization aid under the Tax Equity and
28 Educational Opportunities Support Act;

29 (b) To fund reimbursements related to special education under
30 section 79-1142;

31 (c) To fund foundation aid under the Tax Equity and Educational

1 Opportunities Support Act;

2 (d) To increase funding for school districts in a way that results
3 in direct property tax relief, which means a dollar-for-dollar
4 replacement of property taxes by a state funding source;

5 (e) To provide funding for a grant program created by the
6 Legislature to address teacher turnover rates and keep existing teachers
7 in classrooms;

8 (f) To provide funding to increase career and technical educational
9 classroom opportunities for students. Such funding must provide students
10 with the academic and technical skills, knowledge, and training necessary
11 to succeed in future careers;

12 (g) To provide funding for a grant program created by the
13 Legislature to provide students the opportunity to have a mentor who will
14 continuously engage with the student directly to aid in the student's
15 professional growth and give ongoing support and encouragement to the
16 student;

17 (h) To provide funding for extraordinary increases in special
18 education expenditures to allow school districts with large, unexpected
19 special education expenditures to more easily meet the needs of all
20 students; and

21 (i) To provide funding to help recruit teachers throughout the state
22 by utilizing apprenticeships through a teacher apprenticeship program and
23 an alternative certification process.

24 (3)(a) The State Treasurer shall transfer one billion dollars from
25 the General Fund to the Education Future Fund in fiscal year 2023-24, on
26 such dates and in such amounts as directed by the budget administrator of
27 the budget division of the Department of Administrative Services.

28 (b) The State Treasurer shall transfer two hundred fifty million
29 dollars from the General Fund to the Education Future Fund in fiscal year
30 2024-25, on such dates and in such amounts as directed by the budget
31 administrator of the budget division of the Department of Administrative

1 Services.

2 (c) It is the intent of the Legislature that two hundred fifty
3 million dollars be transferred from the General Fund to the Education
4 Future Fund in fiscal year 2025-26 and each fiscal year thereafter.

5 Sec. 40. Section 79-3403, Revised Statutes Supplement, 2023, is
6 amended to read:

7 79-3403 (1) Except as provided in sections 79-3404 and 79-3405, a
8 school district's property tax request for any year shall not exceed the
9 school district's property tax request authority.

10 (2) The department shall calculate each school district's property
11 tax request authority on an annual basis as follows:

12 (a) The school district's property tax request from the prior year
13 shall be added to the non-property-tax revenue from the second most
14 recent year for which such information is available ~~prior year~~ minus any
15 investment income from special building funds from the second most recent
16 year for which such information is available ~~prior year~~, and the total
17 shall be increased by the school district's base growth percentage; and

18 (b) The amount determined under subdivision (2)(a) of this section
19 shall then be decreased by the amount of total non-property-tax revenue
20 for the most recent year for which such information is available ~~current~~
21 ~~year~~ and adjusted for any known or documented errors in documentation
22 received by the department from the school district. In determining the
23 total non-property-tax revenue for the most recent year for which such
24 information is available ~~current year~~, any category of non-property-tax
25 revenue for which there is insufficient data as of June 1 to make an
26 accurate determination shall be deemed to be equal to the prior year's
27 amount.

28 (3) The department shall certify the amount determined for each
29 school district under this section to the school board of such school
30 district. Such certified amount shall be the school district's property
31 tax request authority.

1 Sec. 41. Section 79-3406, Revised Statutes Supplement, 2023, is
2 amended to read:

3 79-3406 A school district may choose not to increase its property
4 tax request by the full amount allowed by the school district's property
5 tax request authority in a particular year. In such cases, the school
6 district may carry forward to future years the amount of unused property
7 tax request authority, excluding any unused amounts obtained pursuant to
8 subsection (2) of section 79-3405. The department shall calculate each
9 school district's unused property tax request authority and shall submit
10 an accounting of such amount to the school board of the school district.
11 Such unused property tax request authority may then be used in later
12 years for increases in the school district's property tax request.

13 Sec. 42. This act becomes operative on July 1, 2024.

14 Sec. 43. Original sections 13-518, 13-519, 13-2817, 29-3933,
15 72-2305, 72-2306, 77-2704.13, 77-2704.24, 77-27,142, and 77-3005, Reissue
16 Revised Statutes of Nebraska, sections 77-382, 77-1776, 77-2602,
17 77-2701.16, 77-27,144, 77-3446, and 77-4602, Revised Statutes Cumulative
18 Supplement, 2022, and sections 77-1632, 77-1633, 77-2701, 77-2701.02,
19 77-2701.04, 77-27,132, 77-4008, 77-6703, 79-1021, 79-3403, and 79-3406,
20 Revised Statutes Supplement, 2023, are repealed.

21 Sec. 44. The following section is outright repealed: Section
22 77-2704.38, Reissue Revised Statutes of Nebraska.

23 Sec. 45. Since an emergency exists, this act takes effect when
24 passed and approved according to law.