

LEGISLATURE OF NEBRASKA
ONE HUNDRED SECOND LEGISLATURE
SECOND SESSION
LEGISLATIVE BILL 731

Introduced by Mello, 5.

Read first time January 04, 2012

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend sections
2 77-2734.03, 81-1558, and 81-1561, Reissue Revised
3 Statutes of Nebraska, sections 81-15,160 and 81-15,165,
4 Revised Statutes Cumulative Supplement, 2010, and
5 sections 77-2715.07 and 77-2717, Revised Statutes
6 Supplement, 2011; to adopt the Remanufacturing Pilot
7 Project Act; to provide an income tax credit for recycled
8 or composted materials; to provide a termination date; to
9 provide funding; to harmonize provisions; and to repeal
10 the original sections.

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

1 Section 1. Sections 1 to 9 of this act shall be known and
2 may be cited as the Remanufacturing Pilot Project Act.

3 Sec. 2. For purposes of the Remanufacturing Pilot Project
4 Act:

5 (1) Base year means the calendar year immediately
6 preceding the year during which the application was submitted;

7 (2) Governmental unit means a school district, community
8 college area, village, city, county, or natural resources district;

9 (3) Recycle means separating, cleaning, treating, and
10 reconstituting waste or other discarded materials for the purpose of
11 recovering and reusing the resources contained therein; and

12 (4) Statewide average tipping fee means the average fee
13 charged per ton for municipal solid waste disposal in the state in
14 the prior calendar year as determined by the Department of
15 Environmental Quality.

16 Sec. 3. For taxable years beginning on or after January
17 1, 2013, under the Internal Revenue Code of 1986, as amended, a
18 taxpayer, nonprofit organization, or governmental unit shall earn a
19 recovered resource income tax credit for each ton of material
20 recycled or composted in Nebraska during the tax year by the
21 taxpayer, nonprofit organization, or governmental unit in excess of
22 the amount of the same type of material (1) recycled or composted in
23 Nebraska during the base year by the taxpayer, nonprofit
24 organization, or governmental unit or (2) disposed in a solid waste
25 facility in Nebraska during the base year by the taxpayer, nonprofit

1 organization, or governmental unit. The per-ton credit shall equal
2 the statewide average tipping fee. The tax credit shall be refundable
3 and transferable. A taxpayer, nonprofit organization, or governmental
4 unit shall file an application for the recovered resource income tax
5 credit with the Department of Environmental Quality. No tax credit
6 shall be allowed unless an application is filed and approved.

7 Sec. 4. If the Department of Environmental Quality
8 determines that the application meets the requirements of the
9 Remanufacturing Pilot Project Act, the department shall approve the
10 application, determine the base-year tonnage amount, set the tax-year
11 tonnage amount used to determine the tentative tax credit, authorize
12 a tentative tax credit to the applicant within the limit set forth in
13 section 5 of this act, and certify to the applicant and the
14 Department of Revenue the amount of tentative tax credit reserved for
15 the applicant. No tax credit shall be allowed if the applicant fails
16 to meet or exceed the tax-year tonnage amount established during the
17 application process. Applications for tax credits shall be considered
18 in the order in which they are received. Applications may be filed at
19 any time on or after the beginning of the tax year for which the
20 tentative tax credit is to be claimed.

21 Sec. 5. The Department of Environmental Quality may
22 approve applications for recovered resource income tax credits for up
23 to the amount available in the Recovered Resource Income Tax Credit
24 Fund for each calendar year. An application for a tax credit for a
25 tax year other than a calendar year shall be applied against the

1 limit for the calendar year during which the tax year of the
2 applicant ends. After applications for tax credits totaling the
3 amount available in the fund have been approved for a calendar year,
4 no further applications shall be approved for that calendar year. Tax
5 credits shall be prorated among the approved applications filed on
6 the day the limit is exceeded.

7 Sec. 6. Any recovered resource income tax credit
8 allowable to a partnership, a limited liability company, a subchapter
9 S corporation, a cooperative, including a cooperative exempt under
10 section 521 of the Internal Revenue Code of 1986, as amended, a
11 limited cooperative association, or an estate or trust may be
12 distributed to the partners, members, shareholders, patrons, or
13 beneficiaries in the same manner as income is distributed for use
14 against their income tax liabilities.

15 Sec. 7. The Department of Revenue and the Department of
16 Environmental Quality may adopt and promulgate rules and regulations
17 to carry out the Remanufacturing Pilot Project Act, including rules
18 and regulations to permit verification of the validity of any
19 recovered resource income tax credit claimed.

20 Sec. 8. The Recovered Resource Income Tax Credit Fund is
21 created. The Tax Commissioner shall certify the amount of recovered
22 resource income tax credits used each year to the State Treasurer.
23 Within ten days after the certification, the State Treasurer shall
24 transfer that amount of funds from the Recovered Resource Income Tax
25 Credit Fund to the General Fund. Any funds reserved for tentative tax

1 credits that are not claimed shall be returned to the original fund
2 source in the same proportion as they were originally remitted to the
3 Recovered Resource Income Tax Credit Fund. The Director of
4 Environmental Quality may accept grants, contributions, or other
5 funds from any private, federal, state, or public source to be used
6 for purposes of the Remanufacturing Pilot Project Act and to be
7 credited to the fund. Any money in the Recovered Resource Income Tax
8 Credit Fund available for investment shall be invested by the state
9 investment officer pursuant to the Nebraska Capital Expansion Act and
10 the Nebraska State Funds Investment Act.

11 Sec. 9. The Remanufacturing Pilot Project Act terminates
12 on December 31, 2022.

13 Sec. 10. Section 77-2715.07, Revised Statutes Supplement,
14 2011, is amended to read:

15 77-2715.07 (1) There shall be allowed to qualified
16 resident individuals as a nonrefundable credit against the income tax
17 imposed by the Nebraska Revenue Act of 1967:

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

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

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

25 (a) For returns filed reporting federal adjusted gross

1 incomes of greater than twenty-nine thousand dollars, a nonrefundable
2 credit equal to twenty-five percent of the federal credit allowed
3 under section 21 of the Internal Revenue Code of 1986, as amended;

4 (b) For returns filed reporting federal adjusted gross
5 income of twenty-nine thousand dollars or less, a refundable credit
6 equal to a percentage of the federal credit allowable under section
7 21 of the Internal Revenue Code of 1986, as amended, whether or not
8 the federal credit was limited by the federal tax liability. The
9 percentage of the federal credit shall be one hundred percent for
10 incomes not greater than twenty-two thousand dollars, and the
11 percentage shall be reduced by ten percent for each one thousand
12 dollars, or fraction thereof, by which the reported federal adjusted
13 gross income exceeds twenty-two thousand dollars;

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

20 (d) A refundable credit for individuals who qualify for
21 an income tax credit under the Angel Investment Tax Credit Act, the
22 Nebraska Advantage Microenterprise Tax Credit Act, ~~or~~ the Nebraska
23 Advantage Research and Development Act, or the Remanufacturing Pilot
24 Project Act; and

25 (e) A refundable credit equal to ten percent of the

1 federal credit allowed under section 32 of the Internal Revenue Code
2 of 1986, as amended.

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

6 (a) A credit for personal exemptions allowed under
7 section 77-2716.01;

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

16 (c) A credit for investment in a biodiesel facility as
17 provided in section 77-27,236.

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

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

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

25 (c) A refundable credit for individuals who qualify for

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

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

21 (b) For all taxable years beginning on or after January
22 1, 2009, under the Internal Revenue Code of 1986, as amended, there
23 shall be allowed to each partner, shareholder, member, or beneficiary
24 of a partnership, subchapter S corporation, limited liability
25 company, or estate or trust a nonrefundable credit against the income

1 tax imposed by the Nebraska Revenue Act of 1967 equal to the
2 partner's, shareholder's, member's, or beneficiary's portion of the
3 amount of franchise tax paid to the state under sections 77-3801 to
4 77-3807 by a financial institution.

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

12 Sec. 11. Section 77-2717, Revised Statutes Supplement,
13 2011, is amended to read:

14 77-2717 (1)(a) The tax imposed on all resident estates
15 and trusts shall be a percentage of the federal taxable income of
16 such estates and trusts as modified in section 77-2716, plus a
17 percentage of the federal alternative minimum tax and the federal tax
18 on premature or lump-sum distributions from qualified retirement
19 plans. The additional taxes shall be recomputed by (i) substituting
20 Nebraska taxable income for federal taxable income, (ii) calculating
21 what the federal alternative minimum tax would be on Nebraska taxable
22 income and adjusting such calculations for any items which are
23 reflected differently in the determination of federal taxable income,
24 and (iii) applying Nebraska rates to the result. The federal credit
25 for prior year minimum tax, after the recomputations required by the

1 Nebraska Revenue Act of 1967, and the credits provided in the
2 Nebraska Advantage Microenterprise Tax Credit Act, ~~and~~ the Nebraska
3 Advantage Research and Development Act, and the Remanufacturing Pilot
4 Project Act shall be allowed as a reduction in the income tax due. A
5 refundable income tax credit shall be allowed for all resident
6 estates and trusts under the Angel Investment Tax Credit Act, the
7 Nebraska Advantage Microenterprise Tax Credit Act, ~~and~~ the Nebraska
8 Advantage Research and Development Act, and the Remanufacturing Pilot
9 Project Act.

10 (b) The tax imposed on all nonresident estates and trusts
11 shall be the portion of the tax imposed on resident estates and
12 trusts which is attributable to the income derived from sources
13 within this state. The tax which is attributable to income derived
14 from sources within this state shall be determined by multiplying the
15 liability to this state for a resident estate or trust with the same
16 total income by a fraction, the numerator of which is the nonresident
17 estate's or trust's Nebraska income as determined by sections 77-2724
18 and 77-2725 and the denominator of which is its total federal income
19 after first adjusting each by the amounts provided in section
20 77-2716. The federal credit for prior year minimum tax, after the
21 recomputations required by the Nebraska Revenue Act of 1967, reduced
22 by the percentage of the total income which is attributable to income
23 from sources outside this state, and the credits provided in the
24 Nebraska Advantage Microenterprise Tax Credit Act, ~~and~~ the Nebraska
25 Advantage Research and Development Act, and the Remanufacturing Pilot

1 Project Act shall be allowed as a reduction in the income tax due. A
2 refundable income tax credit shall be allowed for all nonresident
3 estates and trusts under the Angel Investment Tax Credit Act, the
4 Nebraska Advantage Microenterprise Tax Credit Act, ~~and~~ the Nebraska
5 Advantage Research and Development Act, and the Remanufacturing Pilot
6 Project Act.

7 (2) In all instances wherein a fiduciary income tax
8 return is required under the provisions of the Internal Revenue Code,
9 a Nebraska fiduciary return shall be filed, except that a fiduciary
10 return shall not be required to be filed regarding a simple trust if
11 all of the trust's beneficiaries are residents of the State of
12 Nebraska, all of the trust's income is derived from sources in this
13 state, and the trust has no federal tax liability. The fiduciary
14 shall be responsible for making the return for the estate or trust
15 for which he or she acts, whether the income be taxable to the estate
16 or trust or to the beneficiaries thereof. The fiduciary shall include
17 in the return a statement of each beneficiary's distributive share of
18 net income when such income is taxable to such beneficiaries.

19 (3) The beneficiaries of such estate or trust who are
20 residents of this state shall include in their income their
21 proportionate share of such estate's or trust's federal income and
22 shall reduce their Nebraska tax liability by their proportionate
23 share of the credits as provided in the Angel Investment Tax Credit
24 Act, the Nebraska Advantage Microenterprise Tax Credit Act, ~~and~~ the
25 Nebraska Advantage Research and Development Act, and the

1 Remanufacturing Pilot Project Act. There shall be allowed to a
2 beneficiary a refundable income tax credit under the Beginning Farmer
3 Tax Credit Act for all taxable years beginning or deemed to begin on
4 or after January 1, 2001, under the Internal Revenue Code of 1986, as
5 amended.

6 (4) If any beneficiary of such estate or trust is a
7 nonresident during any part of the estate's or trust's taxable year,
8 he or she shall file a Nebraska income tax return which shall include
9 (a) in Nebraska adjusted gross income that portion of the estate's or
10 trust's Nebraska income, as determined under sections 77-2724 and
11 77-2725, allocable to his or her interest in the estate or trust and
12 (b) a reduction of the Nebraska tax liability by his or her
13 proportionate share of the credits as provided in the Angel
14 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax
15 Credit Act, ~~and~~ the Nebraska Advantage Research and Development Act,
16 and the Remanufacturing Pilot Project Act and shall execute and
17 forward to the fiduciary, on or before the original due date of the
18 Nebraska fiduciary return, an agreement which states that he or she
19 will file a Nebraska income tax return and pay income tax on all
20 income derived from or connected with sources in this state, and such
21 agreement shall be attached to the Nebraska fiduciary return for such
22 taxable year.

23 (5) In the absence of the nonresident beneficiary's
24 executed agreement being attached to the Nebraska fiduciary return,
25 the estate or trust shall remit a portion of such beneficiary's

1 income which was derived from or attributable to Nebraska sources
2 with its Nebraska return for the taxable year. The amount of
3 remittance, in such instance, shall be the highest individual income
4 tax rate determined under section 77-2715.02 multiplied by the
5 nonresident beneficiary's share of the estate or trust income which
6 was derived from or attributable to sources within this state. The
7 amount remitted shall be allowed as a credit against the Nebraska
8 income tax liability of the beneficiary.

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

19 (7) For purposes of this section, unless the context
20 otherwise requires, simple trust shall mean any trust instrument
21 which (a) requires that all income shall be distributed currently to
22 the beneficiaries, (b) does not allow amounts to be paid, permanently
23 set aside, or used in the tax year for charitable purposes, and (c)
24 does not distribute amounts allocated in the corpus of the trust. Any
25 trust which does not qualify as a simple trust shall be deemed a

1 complex trust.

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

6 Sec. 12. Section 77-2734.03, Reissue Revised Statutes of
7 Nebraska, is amended to read:

8 77-2734.03 (1)(a) For taxable years commencing prior to
9 January 1, 1997, any (i) insurer paying a tax on premiums and
10 assessments pursuant to section 77-908 or 81-523, (ii) electric
11 cooperative organized under the Joint Public Power Authority Act, or
12 (iii) credit union shall be credited, in the computation of the tax
13 due under the Nebraska Revenue Act of 1967, with the amount paid
14 during the taxable year as taxes on such premiums and assessments and
15 taxes in lieu of intangible tax.

16 (b) For taxable years commencing on or after January 1,
17 1997, any insurer paying a tax on premiums and assessments pursuant
18 to section 77-908 or 81-523, any electric cooperative organized under
19 the Joint Public Power Authority Act, or any credit union shall be
20 credited, in the computation of the tax due under the Nebraska
21 Revenue Act of 1967, with the amount paid during the taxable year as
22 (i) taxes on such premiums and assessments included as Nebraska
23 premiums and assessments under section 77-2734.05 and (ii) taxes in
24 lieu of intangible tax.

25 (c) For taxable years commencing or deemed to commence

1 prior to, on, or after January 1, 1998, any insurer paying a tax on
2 premiums and assessments pursuant to section 77-908 or 81-523 shall
3 be credited, in the computation of the tax due under the Nebraska
4 Revenue Act of 1967, with the amount paid during the taxable year as
5 assessments allowed as an offset against premium and related
6 retaliatory tax liability pursuant to section 44-4233.

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

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

14 (4) The changes made to this section by Laws 2004, LB
15 983, apply to motor fuels purchased during any tax year ending or
16 deemed to end on or after January 1, 2005, under the Internal Revenue
17 Code of 1986, as amended.

18 (5) There shall be allowed to corporate taxpayers
19 refundable income tax credits under the Nebraska Advantage
20 Microenterprise Tax Credit Act, ~~and~~ the Nebraska Advantage Research
21 and Development Act, and the Remanufacturing Pilot Project Act.

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

25 Sec. 13. Section 81-1558, Reissue Revised Statutes of

1 Nebraska, is amended to read:

2 81-1558 There is hereby created within the state treasury
3 a fund to be known as the Nebraska Litter Reduction and Recycling
4 Fund. The proceeds of the fee imposed by sections 81-1559 to
5 81-1560.02, money received by the department as gifts, donations, or
6 contributions toward the goals stated in section 81-1535, and money
7 received by the department for nonprofit activities concerning litter
8 reduction and recycling, including, but not limited to, honoraria,
9 literature furnished by the department, and funds realized as
10 reimbursement for expenses in conducting educational forums, shall be
11 remitted to the State Treasurer for credit to such fund to be used
12 for the administration and enforcement of the Nebraska Litter
13 Reduction and Recycling Act and to provide funding for the tax credit
14 provided for in the Remanufacturing Pilot Project Act. Any money in
15 the fund available for investment shall be invested by the state
16 investment officer pursuant to the Nebraska Capital Expansion Act and
17 the Nebraska State Funds Investment Act.

18 Sec. 14. Section 81-1561, Reissue Revised Statutes of
19 Nebraska, is amended to read:

20 81-1561 (1) The Tax Commissioner shall deduct and
21 withhold from the litter fee collected a fee sufficient to reimburse
22 himself or herself for the cost of collecting and administering the
23 litter fee and for one-time expenses relating to the Remanufacturing
24 Pilot Project Act and shall deposit such collection fee in the Litter
25 Fee Collection Fund which is hereby created. The Litter Fee

1 Collection Fund shall be appropriated to the Department of Revenue.
2 Any money in the Litter Fee Collection Fund available for investment
3 shall be invested by the state investment officer pursuant to the
4 Nebraska Capital Expansion Act and the Nebraska State Funds
5 Investment Act.

6 (2) The Tax Commissioner shall remit the balance of the
7 litter fee collections to the Department of Environmental Quality.
8 ~~The department shall allocate and distribute funds from the Nebraska~~
9 ~~Litter Reduction and Recycling Fund Ten percent of the litter fee~~
10 ~~collections on an annual basis shall be used to fund the tax credit~~
11 ~~provided for in the Remanufacturing Pilot Project Act. The department~~
12 ~~shall allocate and distribute the remaining funds in percentage~~
13 amounts to be determined by the council on an annual basis, after a
14 public hearing on a date to be determined by the council, for the
15 following activities:

16 (a) Programs of public education, motivation, and
17 participation aimed at creating an ethic conducive to the reduction
18 of litter, establishing an attitude against littering and a desire
19 for a clean environment, and securing greater awareness of and
20 compliance with antilitter laws. Such programs shall include:

21 (i) The distribution of informative materials to
22 elementary and secondary schools;

23 (ii) The purchase and erection of roadside signs;

24 (iii) The organization and operation of cleanup drives
25 conducted by local agencies and organizations using volunteer help;

1 (iv) Grants to state and local government units and
2 agencies and private organizations for developing and conducting
3 antilitter programs; and

4 (v) Any other public information method selected by the
5 department, including the use of media;

6 (b) Cleanup of public highways, waterways, recreation
7 lands, urban areas, and public places within the state, including,
8 but not limited to:

9 (i) Grants to cities and counties for payment of
10 personnel employed in the pickup of litter;

11 (ii) Grants for programs aimed at increasing the use of
12 youth and unemployed persons in seasonal and part-time litter pickup
13 programs and to establish work release and other programs to carry
14 out the purposes of the Nebraska Litter Reduction and Recycling Act;

15 (iii) Grants to public and private agencies and persons
16 to conduct surveys of amounts and composition of litter and rates of
17 littering; and

18 (iv) Grants to public and private agencies and persons
19 for research and development in the fields of litter reduction,
20 removal, and disposal, including the evaluation of behavioral science
21 techniques in litter control and the development of new equipment,
22 and to implement such research and development when appropriate; and

23 (c) New or improved community recycling and source
24 separation programs, including, but not limited to:

25 (i) Expansion of existing and creation of new community

1 recycling centers;

2 (ii) Expansion of existing and creation of new source
3 separation programs;

4 (iii) Research and evaluation of markets for the
5 materials and products recovered in source separation and recycling
6 programs; and

7 (iv) Providing advice and assistance on matters relating
8 to recycling and source separation, including information and
9 consultation on available technology, operating procedures,
10 organizational arrangements, markets for materials and products
11 recovered in recycling and source separation, transportation
12 alternatives, and publicity techniques.

13 Sec. 15. Section 81-15,160, Revised Statutes Cumulative
14 Supplement, 2010, is amended to read:

15 81-15,160 (1) The Waste Reduction and Recycling Incentive
16 Fund is created. The department shall deduct from the fund amounts
17 sufficient to reimburse itself for its costs of administration of the
18 fund. The fund shall be administered by the Department of
19 Environmental Quality. The fund shall consist of proceeds from the
20 fees imposed pursuant to the Waste Reduction and Recycling Incentive
21 Act.

22 (2) The fund may be used for purposes which include, but
23 are not limited to:

24 (a) Technical and financial assistance to political
25 subdivisions for creation of recycling systems and for modification

1 of present recycling systems;

2 (b) Recycling and waste reduction projects, including
3 public education, planning, and technical assistance;

4 (c) Market development for recyclable materials separated
5 by generators, including public education, planning, and technical
6 assistance;

7 (d) Capital assistance for establishing private and
8 public intermediate processing facilities for recyclable materials
9 and facilities using recyclable materials in new products;

10 (e) Programs which develop and implement composting of
11 yard waste and composting with sewage sludge;

12 (f) Technical assistance for waste reduction and waste
13 exchange for waste generators;

14 (g) Programs to assist communities and counties to
15 develop and implement household hazardous waste management programs;

16 (h) Capital assistance for establishing private and
17 public facilities to manufacture combustible waste products and to
18 incinerate combustible waste to generate and recover energy
19 resources, except that no disbursements shall be made under this
20 section for scrap tire processing related to tire-derived fuel; and

21 (i) Grants for reimbursement of costs to cities of the
22 second class, villages, and counties of five thousand or fewer
23 population for the deconstruction of abandoned buildings. Eligible
24 deconstruction costs will be related to the recovery and processing
25 of recyclable or reusable material from the abandoned buildings;

1 and -

2 (j) Funding for the tax credit provided for in the
3 Remanufacturing Pilot Project Act and the costs of administration of
4 the act. Ten percent of the fee collections under the Waste Reduction
5 and Recycling Incentive Act on an annual basis plus the costs of
6 administration of the Remanufacturing Pilot Project Act shall be used
7 for such purpose.

8 (3) Grants up to one million dollars annually shall be
9 available until June 30, 2014, for new scrap tire projects only, if
10 acceptable scrap tire project applications are received. Eligible
11 categories of disbursement under section 81-15,161 may include, but
12 are not limited to:

13 (a) Reimbursement for the purchase of crumb rubber
14 generated and used in Nebraska, with disbursements not to exceed
15 fifty percent of the cost of the crumb rubber;

16 (b) Reimbursement for the purchase of tire-derived
17 product which utilizes a minimum of twenty-five percent recycled tire
18 content, with disbursements not to exceed twenty-five percent of the
19 product's retail cost, except that persons who applied for a grant
20 between June 1, 1999, and May 31, 2001, for the purchase of tire-
21 derived product which utilizes a minimum of twenty-five percent
22 recycled tire content may apply for reimbursement on or before July
23 1, 2002. Reimbursement shall not exceed twenty-five percent of the
24 product's retail cost and may be funded in fiscal years 2001-02 and
25 2002-03;

1 (c) Participation in the capital costs of building,
2 equipment, and other capital improvement needs or startup costs for
3 scrap tire processing or manufacturing of tire-derived product, with
4 disbursements not to exceed fifty percent of such costs or five
5 hundred thousand dollars, whichever is less;

6 (d) Participation in the capital costs of building,
7 equipment, or other startup costs needed to establish collection
8 sites or to collect and transport scrap tires, with disbursements not
9 to exceed fifty percent of such costs;

10 (e) Cost-sharing for the manufacturing of tire-derived
11 product, with disbursements not to exceed twenty dollars per ton or
12 two hundred fifty thousand dollars, whichever is less, to any person
13 annually;

14 (f) Cost-sharing for the processing of scrap tires, with
15 disbursements not to exceed twenty dollars per ton or two hundred
16 fifty thousand dollars, whichever is less, to any person annually;

17 (g) Cost-sharing for the use of scrap tires for civil
18 engineering applications for specified projects, with disbursements
19 not to exceed twenty dollars per ton or two hundred fifty thousand
20 dollars, whichever is less, to any person annually; and

21 (h) Disbursement to a political subdivision up to one
22 hundred percent of costs incurred in cleaning up scrap tire
23 collection and disposal sites.

24 The director shall give preference to projects which
25 utilize scrap tires generated and used in Nebraska.

1 (4) Priority for grants made under section 81-15,161
2 shall be given to grant proposals demonstrating a formal public/
3 private partnership except for grants awarded from fees collected
4 under subsection (6) of section 13-2042.

5 (5) Grants awarded from fees collected under subsection
6 (6) of section 13-2042 may be renewed for up to a five-year grant
7 period. Such applications shall include an updated integrated solid
8 waste management plan pursuant to section 13-2032. Annual
9 disbursements are subject to available funds and the grantee meeting
10 established grant conditions. Priority for such grants shall be given
11 to grant proposals showing regional participation and programs which
12 address the first integrated solid waste management hierarchy as
13 stated in section 13-2018 which shall include toxicity reduction.
14 Disbursements for any one year shall not exceed fifty percent of the
15 total fees collected after rebates under subsection (6) of section
16 13-2042 during that year.

17 (6) Any person who stores waste tires in violation of
18 section 13-2033, which storage is the subject of abatement or
19 cleanup, shall be liable to the State of Nebraska for the
20 reimbursement of expenses of such abatement or cleanup paid by the
21 Department of Environmental Quality.

22 (7) The Department of Environmental Quality may receive
23 gifts, bequests, and any other contributions for deposit in the Waste
24 Reduction and Recycling Incentive Fund. Transfers may be made from
25 the fund to the General Fund at the direction of the Legislature. Any

1 money in the Waste Reduction and Recycling Incentive Fund available
2 for investment shall be invested by the state investment officer
3 pursuant to the Nebraska Capital Expansion Act and the Nebraska State
4 Funds Investment Act.

5 Sec. 16. Section 81-15,165, Revised Statutes Cumulative
6 Supplement, 2010, is amended to read:

7 81-15,165 The Tax Commissioner shall deduct and withhold
8 from the fees collected pursuant to sections 81-15,159 to 81-15,165 a
9 fee sufficient to reimburse himself or herself for the actual cost of
10 collecting and administering such fees and for one-time expenses
11 relating to the Remanufacturing Pilot Project Act and shall credit
12 such collection fee to the Waste Reduction and Recycling Incentive
13 Fees Collection Fund which is hereby created. The Legislature shall
14 appropriate money from the fund to the Department of Revenue to cover
15 the actual costs of the department in administering the Waste
16 Reduction and Recycling Incentive Act and for one-time expenses
17 relating to the Remanufacturing Pilot Project Act. Transfers may be
18 made from the fund to the General Fund at the direction of the
19 Legislature. Any money in the Waste Reduction and Recycling Incentive
20 Fees Collection Fund available for investment shall be invested by
21 the state investment officer pursuant to the Nebraska Capital
22 Expansion Act and the Nebraska State Funds Investment Act.

23 Sec. 17. Original sections 77-2734.03, 81-1558, and
24 81-1561, Reissue Revised Statutes of Nebraska, sections 81-15,160 and
25 81-15,165, Revised Statutes Cumulative Supplement, 2010, and sections

1 77-2715.07 and 77-2717, Revised Statutes Supplement, 2011, are
2 repealed.