

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 312

Introduced by Briesse, 41; Erdman, 47; Friesen, 34; Hughes, 44;
Watermeier, 1.

Read first time January 12, 2017

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 77-382, 77-2701.16, 77-2701.35, 77-2703, 77-2704.10, 77-2704.24,
3 77-2715.07, and 77-27,132, Revised Statutes Cumulative Supplement,
4 2016; to change provisions relating to a tax expenditure report; to
5 impose sales and use taxes on certain services and trade-ins; to
6 change and eliminate certain sales and use tax exemptions; to
7 increase the earned income tax credit; to provide for the use of the
8 net increase in tax revenue; to create a fund; to provide property
9 tax credits; to harmonize provisions; to provide an operative date;
10 to repeal the original sections; and to outright repeal sections
11 77-2704.07, 77-2704.14, 77-2704.38, 77-2704.52, and 77-2704.55,
12 Reissue Revised Statutes of Nebraska, and sections 77-2704.56,
13 77-2704.65, and 77-2704.67, Revised Statutes Cumulative Supplement,
14 2016.
15 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 77-382, Revised Statutes Cumulative Supplement,
2 2016, is amended to read:

3 77-382 (1) The department shall prepare a tax expenditure report
4 describing (a) the basic provisions of the Nebraska tax laws, (b) the
5 actual or estimated revenue loss caused by the exemptions, deductions,
6 exclusions, deferrals, credits, and preferential rates in effect on July
7 1 of each year and allowed under Nebraska's tax structure and in the
8 property tax, (c) the actual or estimated revenue loss caused by failure
9 to impose sales and use tax on services purchased for nonbusiness use,
10 and (d) the elements which make up the tax base for state and local
11 income, including income, sales and use, property, and miscellaneous
12 taxes.

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

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

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

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

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

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

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

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

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

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

30 (j) Nonprofits, governments, and exempt entities, which shall
31 include a separate listing for the following items: Purchases by

1 political subdivisions of the state; purchases by churches and nonprofit
2 colleges and medical facilities; purchasing agents for public real estate
3 construction improvements; contractor as purchasing agent for public
4 agencies; ~~Nebraska lottery; admissions to school events;~~ sales on Native
5 American Indian reservations; school-supporting fundraisers; ~~fine art~~
6 ~~purchases by a museum;~~ purchases by the Nebraska State Fair Board;
7 purchases by the Nebraska Investment Finance Authority and licensees of
8 the State Racing Commission; purchases by the United States Government;
9 public records; and sales by religious organizations;

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

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

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

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

31 Sec. 2. Section 77-2701.16, Revised Statutes Cumulative Supplement,

1 2016, is amended to read:

2 77-2701.16 (1) Gross receipts means the total amount of the sale or
3 lease or rental price, as the case may be, of the retail sales of
4 retailers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8 (e) The gross income received for services of recreational vehicle
9 parks;

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

14 (g) The gross income received for animal specialty services and pet-
15 related services; ~~except (i) veterinary services, (ii) specialty services~~
16 ~~performed on livestock as defined in section 54-183, and (iii) animal~~
17 ~~grooming performed by a licensed veterinarian or a licensed veterinary~~
18 ~~technician in conjunction with medical treatment; and~~

19 (h) The gross income received for detective services; ~~+~~

20 (i) The gross income received for the cleaning of tangible personal
21 property;

22 (j) The gross income received for storage and moving services;

23 (k) The gross income received for investment advice;

24 (l) The gross income received for personal care services, including
25 hair care, massages, nail services, spa services, and tattoo services;

26 (m) The gross income received for maintenance, painting, repair, and
27 interior decoration services for single-family housing;

28 (n) The gross income received for limousine, taxi, and other
29 transportation services;

30 (o) The gross income received for the services of travel agents and
31 tour operators;

1 (p) The gross income received for lawn care, gardening, and
2 landscaping services;

3 (q) The gross income received for parking lot services;

4 (r) The gross income received for swimming pool cleaning and
5 maintenance services;

6 (s) The gross income received for dating and escort services;

7 (t) The gross income received for instruction in music, dance, golf,
8 and other recreational activities;

9 (u) The gross income received for custom meat slaughtering services;

10 (v) The gross income received for legal services, excluding legal
11 services performed in the furtherance of a for-profit business
12 enterprise;

13 (w) The gross income received for accounting services, excluding
14 accounting services performed in the furtherance of a for-profit business
15 enterprise;

16 (x) The gross income received for real estate services relating to
17 the sale of single-family housing;

18 (y) The gross income received for architectural services for single-
19 family housing;

20 (z) The gross income received for telefloral delivery services; and

21 (aa) The gross income received for the labor of a contractor for any
22 major addition, remodeling, restoration, repair, or renovation of owner-
23 occupied residential housing.

24 (5) Gross receipts includes the sale of admissions. When an
25 admission to an activity or a membership constituting an admission is
26 combined with the solicitation of a contribution, the portion or the
27 amount charged representing the fair market price of the admission shall
28 be considered a retail sale subject to the tax imposed by section
29 77-2703. The organization conducting the activity shall determine the
30 amount properly attributable to the purchase of the privilege, benefit,
31 or other consideration in advance, and such amount shall be clearly

1 indicated on any ticket, receipt, or other evidence issued in connection
2 with the payment.

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

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

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

11 (9) Gross receipts includes the retail sale of digital audio works,
12 digital audiovisual works, digital codes, and digital books delivered
13 electronically if the products are taxable when delivered on tangible
14 storage media. A sale includes the transfer of a permanent right of use,
15 the transfer of a right of use that terminates on some condition, and the
16 transfer of a right of use conditioned upon the receipt of continued
17 payments.

18 (10) Gross receipts does not include:

19 (a) The amount of any rebate granted by a motor vehicle or motorboat
20 manufacturer or dealer at the time of sale of the motor vehicle or
21 motorboat, which rebate functions as a discount from the sales price of
22 the motor vehicle or motorboat; or

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

25 Sec. 3. Section 77-2701.35, Revised Statutes Cumulative Supplement,
26 2016, is amended to read:

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

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

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

5 (c) Charges by the seller for any services necessary to complete the
6 sale;

7 (d) Delivery charges; and

8 (e) Installation charges.

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

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

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

16 (c) The amount of the consideration attributable to the sale is
17 fixed and determinable by the seller at the time of the sale of the item
18 to the purchaser; and

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

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

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

30 (iii) The price reduction or discount is identified as a third-party
31 price reduction or discount on the invoice received by the purchaser or

1 on a coupon, certificate, or other documentation presented by the
2 purchaser.

3 (3) Sales price does not include:

4 (a) Any discounts, including cash, terms, or coupons that are not
5 reimbursed by a third party that are allowed by a seller and taken by a
6 purchaser on a sale;

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

11 (c) Any taxes legally imposed directly on the consumer that are
12 separately stated on the invoice, bill of sale, or similar document given
13 to the purchaser;

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

17 (e) Credit for any trade-in as follows:

18 ~~(i) The value of property taken by a seller in trade as all or a part of~~
19 ~~the consideration for a sale of property of any kind or nature, excluding~~
20 ~~motor vehicles, motorboats, all-terrain vehicles, and utility-type~~
21 ~~vehicles. ; or (ii) The value of a motor vehicle, motorboat, all-terrain~~
22 ~~vehicle, or utility-type vehicle taken by any person in trade as all or a~~
23 ~~part of the consideration for a sale of another motor vehicle, motorboat,~~
24 ~~all-terrain vehicle, or utility-type vehicle.~~

25 Sec. 4. Section 77-2703, Revised Statutes Cumulative Supplement,
26 2016, is amended to read:

27 77-2703 (1) There is hereby imposed a tax at the rate provided in
28 section 77-2701.02 upon the gross receipts from all sales of tangible
29 personal property sold at retail in this state; the gross receipts of
30 every person engaged as a public utility, as a community antenna
31 television service operator, or as a satellite service operator, any

1 person involved in the connecting and installing of the services defined
2 in subdivision (2)(a), (b), (d), or (e) of section 77-2701.16, or every
3 person engaged as a retailer of intellectual or entertainment properties
4 referred to in subsection (3) of section 77-2701.16; the gross receipts
5 from the sale of admissions in this state; the gross receipts from the
6 sale of warranties, guarantees, service agreements, or maintenance
7 agreements when the items covered are subject to tax under this section;
8 beginning January 1, 2008, the gross receipts from the sale of bundled
9 transactions when one or more of the products included in the bundle are
10 taxable; the gross receipts from the provision of services defined in
11 subsection (4) of section 77-2701.16; and the gross receipts from the
12 sale of products delivered electronically as described in subsection (9)
13 of section 77-2701.16. Except as provided in section 77-2701.03, when
14 there is a sale, the tax shall be imposed at the rate in effect at the
15 time the gross receipts are realized under the accounting basis used by
16 the retailer to maintain his or her books and records.

17 (a) The tax imposed by this section shall be collected by the
18 retailer from the consumer. It shall constitute a part of the purchase
19 price and until collected shall be a debt from the consumer to the
20 retailer and shall be recoverable at law in the same manner as other
21 debts. The tax required to be collected by the retailer from the consumer
22 constitutes a debt owed by the retailer to this state.

23 (b) It is unlawful for any retailer to advertise, hold out, or state
24 to the public or to any customer, directly or indirectly, that the tax or
25 part thereof will be assumed or absorbed by the retailer, that it will
26 not be added to the selling, renting, or leasing price of the property
27 sold, rented, or leased, or that, if added, it or any part thereof will
28 be refunded. The provisions of this subdivision shall not apply to a
29 public utility.

30 (c) The tax required to be collected by the retailer from the
31 purchaser, unless otherwise provided by statute or by rule and regulation

1 of the Tax Commissioner, shall be displayed separately from the list
2 price, the price advertised in the premises, the marked price, or other
3 price on the sales check or other proof of sales, rentals, or leases.

4 (d) For the purpose of more efficiently securing the payment,
5 collection, and accounting for the sales tax and for the convenience of
6 the retailer in collecting the sales tax, it shall be the duty of the Tax
7 Commissioner to provide a schedule or schedules of the amounts to be
8 collected from the consumer or user to effectuate the computation and
9 collection of the tax imposed by the Nebraska Revenue Act of 1967. Such
10 schedule or schedules shall provide that the tax shall be collected from
11 the consumer or user uniformly on sales according to brackets based on
12 sales prices of the item or items. Retailers may compute the tax due on
13 any transaction on an item or an invoice basis. The rounding rule
14 provided in section 77-3,117 applies.

15 (e) The use of tokens or stamps for the purpose of collecting or
16 enforcing the collection of the taxes imposed in the Nebraska Revenue Act
17 of 1967 or for any other purpose in connection with such taxes is
18 prohibited.

19 (f) For the purpose of the proper administration of the provisions
20 of the Nebraska Revenue Act of 1967 and to prevent evasion of the retail
21 sales tax, it shall be presumed that all gross receipts are subject to
22 the tax until the contrary is established. The burden of proving that a
23 sale of property is not a sale at retail is upon the person who makes the
24 sale unless he or she takes from the purchaser (i) a resale certificate
25 to the effect that the property is purchased for the purpose of
26 reselling, leasing, or renting it, (ii) an exemption certificate pursuant
27 to subsection (7) of section 77-2705, or (iii) a direct payment permit
28 pursuant to sections 77-2705.01 to 77-2705.03. Receipt of a resale
29 certificate, exemption certificate, or direct payment permit shall be
30 conclusive proof for the seller that the sale was made for resale or was
31 exempt or that the tax will be paid directly to the state.

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

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

11 (i) Notice of the desire to make such election shall be filed with
12 the Tax Commissioner and shall not become effective until the Tax
13 Commissioner is satisfied that the taxpayer has complied with all
14 conditions of this subsection and all rules and regulations of the Tax
15 Commissioner;

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

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

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

1 (i) The tax imposed by this section on the sales of motor vehicles,
2 semitrailers, and trailers as defined in sections 60-339, 60-348, and
3 60-354 shall be the liability of the purchaser and, with the exception of
4 motor vehicles, semitrailers, and trailers registered pursuant to section
5 60-3,198, the tax shall be collected by the county treasurer as provided
6 in the Motor Vehicle Registration Act at the time the purchaser makes
7 application for the registration of the motor vehicle, semitrailer, or
8 trailer for operation upon the highways of this state. The tax imposed by
9 this section on motor vehicles, semitrailers, and trailers registered
10 pursuant to section 60-3,198 shall be collected by the Department of
11 Motor Vehicles at the time the purchaser makes application for the
12 registration of the motor vehicle, semitrailer, or trailer for operation
13 upon the highways of this state. At the time of the sale of any motor
14 vehicle, semitrailer, or trailer, the seller shall (i) state on the sales
15 invoice the dollar amount of the tax imposed under this section and (ii)
16 furnish to the purchaser a certified statement of the transaction, in
17 such form as the Tax Commissioner prescribes, setting forth as a minimum
18 the total sales price, ~~the allowance for any trade-in, and the difference~~
19 ~~between the two.~~ The sales tax due shall be computed on the ~~difference~~
20 ~~between the total sales price and the allowance for any trade-in~~ as
21 disclosed by such certified statement. Any seller who willfully
22 understates the amount upon which the sales tax is due shall be subject
23 to a penalty of one thousand dollars. A copy of such certified statement
24 shall also be furnished to the Tax Commissioner. Any seller who fails or
25 refuses to furnish such certified statement shall be guilty of a
26 misdemeanor and shall, upon conviction thereof, be punished by a fine of
27 not less than twenty-five dollars nor more than one hundred dollars. If
28 the purchaser does not register such motor vehicle, semitrailer, or
29 trailer for operation on the highways of this state within thirty days of
30 the purchase thereof, the tax imposed by this section shall immediately
31 thereafter be paid by the purchaser to the county treasurer or the

1 Department of Motor Vehicles. If the tax is not paid on or before the
2 thirtieth day after its purchase, the county treasurer or Department of
3 Motor Vehicles shall also collect from the purchaser interest from the
4 thirtieth day through the date of payment and sales tax penalties as
5 provided in the Nebraska Revenue Act of 1967. The county treasurer or
6 Department of Motor Vehicles shall report and remit the tax so collected
7 to the Tax Commissioner by the fifteenth day of the following month. The
8 county treasurer shall deduct and withhold for the use of the county
9 general fund, from all amounts required to be collected under this
10 subsection, the collection fee permitted to be deducted by any retailer
11 collecting the sales tax. The Department of Motor Vehicles shall deduct,
12 withhold, and deposit in the Motor Carrier Division Cash Fund the
13 collection fee permitted to be deducted by any retailer collecting the
14 sales tax. The collection fee shall be forfeited if the county treasurer
15 or Department of Motor Vehicles violates any rule or regulation
16 pertaining to the collection of the use tax.

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

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

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

20 (k)(i) The tax imposed by this section on the sale of an all-terrain
21 vehicle as defined in section 60-103 or a utility-type vehicle as defined
22 in section 60-135.01 shall be the liability of the purchaser. The tax
23 shall be collected by the county treasurer at the time the purchaser
24 makes application for the certificate of title for the all-terrain
25 vehicle or utility-type vehicle. At the time of the sale of an all-
26 terrain vehicle or a utility-type vehicle, the seller shall (A) state on
27 the sales invoice the dollar amount of the tax imposed under this section
28 and (B) furnish to the purchaser a certified statement of the
29 transaction, in such form as the Tax Commissioner prescribes, setting
30 forth as a minimum the total sales price, ~~the allowance for any trade-in,~~
31 ~~and the difference between the two.~~ The sales tax due shall be computed

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

24 (ii) In the rental or lease of an all-terrain vehicle or a utility-
25 type vehicle, the tax shall be collected by the lessor on the rental or
26 lease price.

27 (iii) County treasurers are appointed as sales and use tax
28 collectors for all sales of all-terrain vehicles or utility-type vehicles
29 made outside of this state to purchasers or users of all-terrain vehicles
30 or utility-type vehicles which are required to have a certificate of
31 title in this state. The county treasurer shall collect the applicable

1 use tax from the purchaser of an all-terrain vehicle or a utility-type
2 vehicle purchased outside of this state at the time application for a
3 certificate of title is made. The full use tax on the purchase price
4 shall be collected by the county treasurer if a sales or occupation tax
5 was not paid by the purchaser in the state of purchase. If a sales or
6 occupation tax was lawfully paid in the state of purchase at a rate less
7 than the tax imposed in this state, use tax must be collected on the
8 difference as a condition for obtaining a certificate of title in this
9 state.

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

16 (2) A use tax is hereby imposed on the storage, use, or other
17 consumption in this state of property purchased, leased, or rented from
18 any retailer and on any transaction the gross receipts of which are
19 subject to tax under subsection (1) of this section on or after June 1,
20 1967, for storage, use, or other consumption in this state at the rate
21 set as provided in subsection (1) of this section on the sales price of
22 the property or, in the case of leases or rentals, of the lease or rental
23 prices.

24 (a) Every person storing, using, or otherwise consuming in this
25 state property purchased from a retailer or leased or rented from another
26 person for such purpose shall be liable for the use tax at the rate in
27 effect when his or her liability for the use tax becomes certain under
28 the accounting basis used to maintain his or her books and records. His
29 or her liability shall not be extinguished until the use tax has been
30 paid to this state, except that a receipt from a retailer engaged in
31 business in this state or from a retailer who is authorized by the Tax

1 Commissioner, under such rules and regulations as he or she may
2 prescribe, to collect the sales tax and who is, for the purposes of the
3 Nebraska Revenue Act of 1967 relating to the sales tax, regarded as a
4 retailer engaged in business in this state, which receipt is given to the
5 purchaser pursuant to subdivision (b) of this subsection, shall be
6 sufficient to relieve the purchaser from further liability for the tax to
7 which the receipt refers.

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

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

28 (d) All persons designated to collect the use tax and all persons
29 required to collect the use tax shall forward the total of such
30 collections to the Tax Commissioner at such time and in such manner as
31 the Tax Commissioner may prescribe. For all use taxes collected prior to

1 October 1, 2002, such collectors of the use tax shall deduct and withhold
2 from the amount of taxes collected two and one-half percent of the first
3 three thousand dollars remitted each month and one-half of one percent of
4 all amounts in excess of three thousand dollars remitted each month as
5 reimbursement for the cost of collecting the tax. For use taxes collected
6 on and after October 1, 2002, such collectors of the use tax shall deduct
7 and withhold from the amount of taxes collected two and one-half percent
8 of the first three thousand dollars remitted each month as reimbursement
9 for the cost of collecting the tax. Any such deduction shall be forfeited
10 to the State of Nebraska if such collector violates any rule, regulation,
11 or directive of the Tax Commissioner.

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

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

25 Sec. 5. Section 77-2704.10, Revised Statutes Cumulative Supplement,
26 2016, is amended to read:

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

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

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

7 ~~(1) (2) Prepared food and food and food ingredients sold by a church~~
8 ~~at a function of such church;~~

9 ~~(2) (3) Prepared food and food and food ingredients served to~~
10 ~~patients and inmates of hospitals and other institutions licensed by the~~
11 ~~state for the care of human beings;~~

12 ~~(3) (4) Prepared food and food and food ingredients sold at a~~
13 ~~political event by ballot question committees, candidate committees,~~
14 ~~independent committees, and political party committees as defined in the~~
15 ~~Nebraska Political Accountability and Disclosure Act or fees and~~
16 ~~admissions charged for such political event; and~~

17 ~~(4) (5) Prepared food and food and food ingredients sold to the~~
18 ~~elderly, handicapped, or recipients of Supplemental Security Income by an~~
19 ~~organization that actually accepts electronic benefits transfer under~~
20 ~~regulations issued by the United States Department of Agriculture~~
21 ~~although it is not necessary for the purchaser to use electronic benefits~~
22 ~~transfer to pay for the prepared food and food and food ingredients. ÷~~

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

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

1 ~~organization conducts statewide sport events with multiple sports for~~
2 ~~both adults and youth; and~~

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

9 Sec. 6. Section 77-2704.24, Revised Statutes Cumulative Supplement,
10 2016, is amended to read:

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

15 (2) For purposes of this section:

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

19 (b) Dietary supplement means any product, other than tobacco,
20 intended to supplement the diet that contains one or more of the
21 following dietary ingredients: (i) A vitamin, (ii) a mineral, (iii) an
22 herb or other botanical, (iv) an amino acid, (v) a dietary substance for
23 use by humans to supplement the diet by increasing the total dietary
24 intake, or (vi) a concentrate, metabolite, constituent, extract, or
25 combination of any ingredients described in subdivisions (2)(b)(i)
26 through (v) of this section; that is intended for ingestion in tablet,
27 capsule, powder, softgel, gelcap, or liquid form or, if not intended for
28 ingestion in such a form, is not presented as conventional food and is
29 not represented for use as a sole item of a meal or of the diet; and that
30 is required to be labeled as a dietary supplement, identifiable by the
31 supplemental facts box found on the label and as required pursuant to 21

1 C.F.R. 101.36, as such regulation existed on January 1, 2003;

2 (c) Food and food ingredients means substances, whether in liquid,
3 concentrated, solid, frozen, dried, or dehydrated form, that are sold for
4 ingestion or chewing by humans and are consumed for their taste or
5 nutritional value. Food and food ingredients does not include alcoholic
6 beverages, dietary supplements, ~~or~~ tobacco, soft drinks, candy, or
7 bottled water;

8 (d) Food sold through vending machines means food that is dispensed
9 from a machine or other mechanical device that accepts payment;

10 (e) Prepared food means:

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

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

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

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

22 (C) Food sold by a seller whose proper primary North American
23 Industry Classification System classification is manufacturing in sector
24 311, except subsector 3118, bakeries;

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

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

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

1 (f) Tobacco means cigarettes, cigars, chewing or pipe tobacco, or
2 any other item that contains tobacco.

3 Sec. 7. Section 77-2715.07, Revised Statutes Cumulative Supplement,
4 2016, is amended to read:

5 77-2715.07 (1) There shall be allowed to qualified resident
6 individuals as a nonrefundable credit against the income tax imposed by
7 the Nebraska Revenue Act of 1967:

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

10 (b) A credit for taxes paid to another state as provided in section
11 77-2730.

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

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

24 (b) For returns filed reporting federal adjusted gross income of
25 twenty-nine thousand dollars or less, a refundable credit equal to a
26 percentage of the federal credit allowable under section 21 of the
27 Internal Revenue Code of 1986, as amended, whether or not the federal
28 credit was limited by the federal tax liability. The percentage of the
29 federal credit shall be one hundred percent for incomes not greater than
30 twenty-two thousand dollars, and the percentage shall be reduced by ten
31 percent for each one thousand dollars, or fraction thereof, by which the

1 reported federal adjusted gross income exceeds twenty-two thousand
2 dollars, except that for taxable years beginning or deemed to begin on or
3 after January 1, 2015, such refundable credit shall be allowed only if
4 the individual would have received the federal credit allowed under
5 section 21 of the code after adding back in any carryforward of a net
6 operating loss that was deducted pursuant to such section in determining
7 eligibility for the federal credit;

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

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

18 (e)(i) {e} A refundable credit equal to:

19 (A) Ten ten percent of the federal credit allowed under section 32
20 of the Internal Revenue Code of 1986, as amended, for taxable years
21 beginning or deemed to begin before January 1, 2018; and

22 (B) Seventeen percent of the federal credit allowed under section 32
23 of the Internal Revenue Code of 1986, as amended, for taxable years
24 beginning or deemed to begin on or after January 1, 2018.

25 (ii) For ~~except that for~~ taxable years beginning or deemed to begin
26 on or after January 1, 2015, the such refundable credit provided in
27 subdivision (2)(e)(i) of this section shall be allowed only if the
28 individual would have received the federal credit allowed under section
29 32 of the code after adding back in any carryforward of a net operating
30 loss that was deducted pursuant to such section in determining
31 eligibility for the federal credit.

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

4 (a) A credit for personal exemptions allowed under section
5 77-2716.01;

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

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

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

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

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

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

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

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

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

28 (c) A refundable credit for individuals who qualify for an income
29 tax credit as an owner of agricultural assets under the Beginning Farmer
30 Tax Credit Act for all taxable years beginning or deemed to begin on or
31 after January 1, 2009, under the Internal Revenue Code of 1986, as

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

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

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

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

31 (6) There shall be allowed to all individuals nonrefundable credits

1 against the income tax imposed by the Nebraska Revenue Act of 1967 as
2 provided in section 77-3604 and refundable credits against the income tax
3 imposed by the Nebraska Revenue Act of 1967 as provided in section
4 77-3605.

5 Sec. 8. Section 77-27,132, Revised Statutes Cumulative Supplement,
6 2016, is amended to read:

7 77-27,132 (1) There is hereby created a fund to be designated the
8 Revenue Distribution Fund which shall be set apart and maintained by the
9 Tax Commissioner. Revenue not required to be credited to the General Fund
10 or any other specified fund may be credited to the Revenue Distribution
11 Fund. Credits and refunds of such revenue shall be paid from the Revenue
12 Distribution Fund. The balance of the amount credited, after credits and
13 refunds, shall be allocated as provided by the statutes creating such
14 revenue.

15 (2) The Tax Commissioner shall pay to a depository bank designated
16 by the State Treasurer all amounts collected under the Nebraska Revenue
17 Act of 1967. The Tax Commissioner shall present to the State Treasurer
18 bank receipts showing amounts so deposited in the bank, and of the
19 amounts so deposited the State Treasurer shall:

20 (a) For transactions occurring on or after October 1, 2014, and
21 before October 1, 2019, credit to the Game and Parks Commission Capital
22 Maintenance Fund all of the proceeds of the sales and use taxes imposed
23 pursuant to section 77-2703 on the sale or lease of motorboats as defined
24 in section 37-1204, personal watercraft as defined in section 37-1204.01,
25 all-terrain vehicles as defined in section 60-103, and utility-type
26 vehicles as defined in section 60-135.01;

27 (b) Credit to the Highway Trust Fund all of the proceeds of the
28 sales and use taxes derived from the sale or lease for periods of more
29 than thirty-one days of motor vehicles, trailers, and semitrailers,
30 except that the proceeds equal to any sales tax rate provided for in
31 section 77-2701.02 that is in excess of five percent derived from the

1 sale or lease for periods of more than thirty-one days of motor vehicles,
2 trailers, and semitrailers shall be credited to the Highway Allocation
3 Fund;

4 (c) For transactions occurring on or after July 1, 2013, and before
5 July 1, 2033, of the proceeds of the sales and use taxes derived from
6 transactions other than those listed in subdivisions (2)(a) and (b) of
7 this section from a sales tax rate of one-quarter of one percent, credit
8 monthly eighty-five percent to the State Highway Capital Improvement Fund
9 and fifteen percent to the Highway Allocation Fund;~~and~~

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

15 (e) Credit to the Excess Revenue Property Tax Credit Fund an amount
16 equal to the net increase in state tax revenue received as a result of
17 the changes made by this legislative bill. Such amount shall be
18 determined annually by the Tax Commissioner.

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

21 Sec. 9. (1) The Excess Revenue Property Tax Credit Fund is created.
22 The fund shall consist of funds credited under section 77-27,132 and
23 shall be used to provide a property tax credit to owners of real
24 property. Any money in the fund available for investment shall be
25 invested by the state investment officer pursuant to the Nebraska Capital
26 Expansion Act and the Nebraska State Funds Investment Act.

27 (2) To determine the amount of the property tax credit, the county
28 treasurer shall multiply the amount disbursed to the county under
29 subsection (4) of this section by the ratio of the real property
30 valuation of the parcel to the total real property valuation in the
31 county. The amount determined shall be the property tax credit for the

1 property. The property tax credit shall appear on the property tax
2 statement.

3 (3) If the real property owner qualifies for a homestead exemption
4 under sections 77-3501 to 77-3529, the owner shall also be qualified for
5 the property tax credit provided in this section to the extent of any
6 remaining liability after calculation of the relief provided by the
7 homestead exemption. If the credit results in a property tax liability on
8 the homestead that is less than zero, the amount of the credit which
9 cannot be used by the taxpayer shall be returned to the State Treasurer
10 by July 1 of the year the amount disbursed to the county was disbursed.
11 The State Treasurer shall immediately credit any funds returned under
12 this subsection to the Excess Revenue Property Tax Credit Fund.

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

27 Sec. 10. This act becomes operative on January 1, 2018.

28 Sec. 11. Original sections 77-382, 77-2701.16, 77-2701.35, 77-2703,
29 77-2704.10, 77-2704.24, 77-2715.07, and 77-27,132, Revised Statutes
30 Cumulative Supplement, 2016, are repealed.

31 Sec. 12. The following sections are outright repealed: Sections

- 1 77-2704.07, 77-2704.14, 77-2704.38, 77-2704.52, and 77-2704.55, Reissue
- 2 Revised Statutes of Nebraska, and sections 77-2704.56, 77-2704.65, and
- 3 77-2704.67, Revised Statutes Cumulative Supplement, 2016.