

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 979

Introduced by McCollister, 20.

Read first time January 12, 2022

Committee: Revenue

1 A BILL FOR AN ACT relating to revenue and taxation; to amend sections
2 81-1565, 81-15,161, 81-15,162, and 81-15,163, Reissue Revised
3 Statutes of Nebraska, sections 77-2717, 77-2734.03, 81-1558,
4 81-1561, and 81-1566, Revised Statutes Cumulative Supplement, 2020,
5 and section 77-2715.07, Revised Statutes Supplement, 2021; to adopt
6 the Remanufacturing Pilot Project Act; to provide tax credits as
7 prescribed; to provide a termination date; to change the Nebraska
8 Litter Reduction and Recycling Act and the Waste Reduction and
9 Recycling Incentive Act as prescribed; to harmonize provisions; and
10 to repeal 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 may be
2 cited as the Remanufacturing Pilot Project Act.

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

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

6 (2) Construction and demolition waste means waste which results from
7 construction projects or from land clearing and the demolition of
8 buildings, roads, or other structures, including, but not limited to,
9 fill materials, wood, including painted and treated wood, land clearing
10 debris other than yard waste, wall coverings, including wallpaper,
11 paneling, and tile, drywall, plaster, non-asbestos insulation, roofing
12 shingles and other roof coverings, plumbing fixtures, glass, plastic,
13 carpeting, electrical wiring, pipe, and metals. Construction and
14 demolition waste does not include friable asbestos waste, special waste,
15 liquid waste, hazardous waste and waste that contains polychlorinated
16 biphenyl, pultrescible waste, household waste, industrial solid waste,
17 corrugated cardboard, appliances, tires, drums, and fuel tanks;

18 (3) Municipal solid waste means household waste or the combination
19 of household waste with industrial or commercial solid waste, except that
20 the term does not include construction and demolition waste;

21 (4) Recycle means separating, cleaning, treating, and reconstituting
22 waste or other discarded materials for the purpose of recovering and
23 reusing the resources contained therein; and

24 (5) Statewide average tipping fee means the average fee charged per
25 ton for disposal of waste at a municipal solid waste disposal area in the
26 state in the most recently completed calendar year as determined by the
27 Department of Environment and Energy.

28 Sec. 3. (1) For taxable years beginning on or after January 1,
29 2023, and before January 1, 2026, under the Internal Revenue Code of
30 1986, as amended, a taxpayer shall earn a recovered resource income tax
31 credit for each ton of municipal solid waste recycled or composted in

1 Nebraska during the taxable year by the taxpayer in excess of the amount
2 of the same type of municipal solid waste (a) recycled or composted in
3 Nebraska during the base year by the taxpayer or (b) disposed of in a
4 solid waste disposal area in Nebraska during the base year by the
5 taxpayer. The municipal solid waste recycled or composted must be
6 municipal solid waste that was generated by the taxpayer. The per-ton
7 credit shall equal the statewide average tipping fee. The maximum tax
8 credit earned by a taxpayer in a taxable year shall be twenty-five
9 thousand dollars. The tax credit shall be refundable.

10 (2) A taxpayer shall file an application for the tax credit with the
11 Department of Environment and Energy. Applications may be filed at any
12 time on or after the beginning of the taxable year for which the tax
13 credit is to be claimed. Applications for tax credits shall be considered
14 in the order in which they are received, except that the department shall
15 give priority to applications that include partnerships between the
16 taxpayer and a nonprofit organization, school district, community college
17 area, village, city, county, or natural resources district. No tax credit
18 shall be allowed unless an application is filed and approved.

19 Sec. 4. If the Department of Environment and Energy determines that
20 the application for a recovered resource income tax credit meets the
21 requirements of the Remanufacturing Pilot Project Act, the department
22 shall approve the application, determine the base-year tonnage amount,
23 set the tax-year tonnage amount used to determine the tentative tax
24 credit, authorize a tentative tax credit to the applicant within the
25 limits set forth in sections 3 and 5 of this act, and certify to the
26 applicant and the Department of Revenue the amount of tentative tax
27 credit reserved for the applicant. No tax credit shall be allowed if the
28 applicant fails to meet or exceed the tax-year tonnage amount established
29 during the application process.

30 Sec. 5. The Department of Environment and Energy may approve tax
31 credit applications up to the amount available in the Recovered Resource

1 Income Tax Credit Fund for each calendar year. An application for a tax
2 credit for a taxable year other than a calendar year shall be applied
3 against the limit for the calendar year during which the taxable year of
4 the applicant ends. After applications for tax credits totaling the
5 amount available in the fund have been approved for a calendar year, no
6 further applications shall be approved for that calendar year. Tax
7 credits shall be prorated among the approved applications filed on the
8 day the limit is exceeded.

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

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

21 Sec. 8. The Recovered Resource Income Tax Credit Fund is created.
22 The fund shall include fees credited to the fund pursuant to sections
23 81-1561, 81-15,162, and 81-15,163. The fund shall be used to reimburse
24 the General Fund for recovered resource income tax credits, for the costs
25 of administering the Remanufacturing Pilot Project Act, and for one-time
26 expenses relating to the act. The Tax Commissioner shall certify the
27 amount of recovered resource income tax credits used each year to the
28 State Treasurer. Within ten days after the certification, the State
29 Treasurer shall transfer the certified amount from the Recovered Resource
30 Income Tax Credit Fund to the General Fund. Any funds reserved for
31 tentative tax credits that are not claimed shall be returned to the

1 original fund source in the same proportion as they were originally
2 remitted to the Recovered Resource Income Tax Credit Fund. The Director
3 of Environment and Energy may accept grants, contributions, or other
4 funds from any private, federal, state, or public source to be used for
5 purposes of the act and to be credited to the fund. Any money in the fund
6 available for investment shall be invested by the state investment
7 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
8 State Funds Investment Act.

9 Sec. 9. The Remanufacturing Pilot Project Act terminates on
10 December 31, 2027.

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

13 77-2715.07 (1) There shall be allowed to qualified resident
14 individuals as a nonrefundable credit against the income tax imposed by
15 the Nebraska Revenue Act of 1967:

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

18 (b) A credit for taxes paid to another state as provided in section
19 77-2730.

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

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

1 (b) For returns filed reporting federal adjusted gross income of
2 twenty-nine thousand dollars or less, a refundable credit equal to a
3 percentage of the federal credit allowable under section 21 of the
4 Internal Revenue Code of 1986, as amended, whether or not the federal
5 credit was limited by the federal tax liability. The percentage of the
6 federal credit shall be one hundred percent for incomes not greater than
7 twenty-two thousand dollars, and the percentage shall be reduced by ten
8 percent for each one thousand dollars, or fraction thereof, by which the
9 reported federal adjusted gross income exceeds twenty-two thousand
10 dollars, except that for taxable years beginning or deemed to begin on or
11 after January 1, 2015, such refundable credit shall be allowed only if
12 the individual would have received the federal credit allowed under
13 section 21 of the code after adding back in any carryforward of a net
14 operating loss that was deducted pursuant to such section in determining
15 eligibility for the federal credit;

16 (c) A refundable credit as provided in section 77-5209.01 for
17 individuals who qualify for an income tax credit as a qualified beginning
18 farmer or livestock producer under the Beginning Farmer Tax Credit Act
19 for all taxable years beginning or deemed to begin on or after January 1,
20 2006, under the Internal Revenue Code of 1986, as amended;

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

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

1 operating loss that was deducted pursuant to such section in determining
2 eligibility for the federal credit.

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

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

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

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

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

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

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

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

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

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

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

30 (c) A refundable credit for individuals who qualify for an income
31 tax credit as an owner of agricultural assets under the Beginning Farmer

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

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

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

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

1 may not be carried forward or back.

2 (6) There shall be allowed to all individuals nonrefundable credits
3 against the income tax imposed by the Nebraska Revenue Act of 1967 as
4 provided in section 77-3604 and refundable credits against the income tax
5 imposed by the Nebraska Revenue Act of 1967 as provided in section
6 77-3605.

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

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

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

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

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

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

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

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

1 (8) There shall be allowed to all individuals refundable credits
2 against the income tax imposed by the Nebraska Revenue Act of 1967 as
3 provided in the Nebraska Property Tax Incentive Act, the Remanufacturing
4 Pilot Project Act, and the Renewable Chemical Production Tax Credit Act.

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

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

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

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

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

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

18 Sec. 11. Section 77-2717, Revised Statutes Cumulative Supplement,
19 2020, is amended to read:

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

1 recomputations required by the Nebraska Revenue Act of 1967, and the
2 credits provided in the Nebraska Advantage Microenterprise Tax Credit Act
3 and the Nebraska Advantage Research and Development Act shall be allowed
4 as a reduction in the income tax due. A refundable income tax credit
5 shall be allowed for all resident estates and trusts under the Angel
6 Investment Tax Credit Act, the Nebraska Advantage Microenterprise Tax
7 Credit Act, and the Nebraska Advantage Research and Development Act. A
8 nonrefundable income tax credit shall be allowed for all resident estates
9 and trusts as provided in the New Markets Job Growth Investment Act.

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

30 (b) The tax imposed on all nonresident estates and trusts shall be
31 the portion of the tax imposed on resident estates and trusts which is

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

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

1 income be taxable to the estate or trust or to the beneficiaries thereof.
2 The fiduciary shall include in the return a statement of each
3 beneficiary's distributive share of net income when such income is
4 taxable to such beneficiaries.

5 (3) The beneficiaries of such estate or trust who are residents of
6 this state shall include in their income their proportionate share of
7 such estate's or trust's federal income and shall reduce their Nebraska
8 tax liability by their proportionate share of the credits as provided in
9 the Angel Investment Tax Credit Act, the Nebraska Advantage
10 Microenterprise Tax Credit Act, the Nebraska Advantage Research and
11 Development Act, the Nebraska Job Creation and Mainstreet Revitalization
12 Act, the New Markets Job Growth Investment Act, the School Readiness Tax
13 Credit Act, the Affordable Housing Tax Credit Act, the Nebraska Property
14 Tax Incentive Act, the Remanufacturing Pilot Project Act, the Renewable
15 Chemical Production Tax Credit Act, and section 77-27,238. There shall be
16 allowed to a beneficiary a refundable income tax credit under the
17 Beginning Farmer Tax Credit Act for all taxable years beginning or deemed
18 to begin on or after January 1, 2001, under the Internal Revenue Code of
19 1986, as amended.

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

1 Nebraska Property Tax Incentive Act, the Remanufacturing Pilot Project
2 Act, the Renewable Chemical Production Tax Credit Act, and section
3 77-27,238 and shall execute and forward to the fiduciary, on or before
4 the original due date of the Nebraska fiduciary return, an agreement
5 which states that he or she will file a Nebraska income tax return and
6 pay income tax on all income derived from or connected with sources in
7 this state, and such agreement shall be attached to the Nebraska
8 fiduciary return for such taxable year.

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

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

1 beneficiary. The amount remitted shall be retained in satisfaction of the
2 Nebraska income tax liability of the nonresident beneficiary.

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

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

14 Sec. 12. Section 77-2734.03, Revised Statutes Cumulative Supplement,
15 2020, is amended to read:

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

23 (b) For taxable years commencing on or after January 1, 1997, any
24 insurer paying a tax on premiums and assessments pursuant to section
25 77-908 or 81-523, any electric cooperative organized under the Joint
26 Public Power Authority Act, or any credit union shall be credited, in the
27 computation of the tax due under the Nebraska Revenue Act of 1967, with
28 the amount paid during the taxable year as (i) taxes on such premiums and
29 assessments included as Nebraska premiums and assessments under section
30 77-2734.05 and (ii) taxes in lieu of intangible tax.

31 (c) For taxable years commencing or deemed to commence prior to, on,

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

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

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

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

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

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

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

31 Sec. 13. Section 81-1558, Revised Statutes Cumulative Supplement,

1 2020, is amended to read:

2 81-1558 There is hereby created within the state treasury a fund to
3 be known as the Nebraska Litter Reduction and Recycling Fund. Money The
4 ~~proceeds of the fee imposed by sections 81-1559 to 81-1560.02, money~~
5 received by the department as gifts, donations, or contributions toward
6 the goals stated in section 81-1535, and money received by the department
7 for nonprofit activities concerning litter reduction and recycling,
8 including, but not limited to, honoraria, literature furnished by the
9 department, and funds realized as reimbursement for expenses in
10 conducting educational forums, shall be remitted to the State Treasurer
11 for credit to such fund. The fund shall also include the proceeds of the
12 fees imposed by sections 81-1559 to 81-1560.02 that are credited to the
13 fund pursuant to section 81-1561. The fund shall ~~to~~ be used for the
14 administration and enforcement of the Nebraska Litter Reduction and
15 Recycling Act. Any money in the fund ~~Nebraska Litter Reduction and~~
16 ~~Recycling Fund~~ available for investment shall be invested by the state
17 investment officer pursuant to the Nebraska Capital Expansion Act and the
18 Nebraska State Funds Investment Act.

19 Sec. 14. Section 81-1561, Revised Statutes Cumulative Supplement,
20 2020, is amended to read:

21 81-1561 (1) The Tax Commissioner shall deduct and withhold from the
22 litter fee collected a fee sufficient to reimburse himself or herself for
23 the cost of collecting and administering the litter fee and shall deposit
24 such collection fee in the Litter Fee Collection Fund which is hereby
25 created. The Litter Fee Collection Fund shall be appropriated to the
26 Department of Revenue. Any money in the Litter Fee Collection Fund
27 available for investment shall be invested by the state investment
28 officer pursuant to the Nebraska Capital Expansion Act and the Nebraska
29 State Funds Investment Act.

30 (2) The Tax Commissioner shall remit the balance of the litter fee
31 collections to the State Treasurer for credit as follows: ~~the Department~~

1 ~~of Environment and Energy. The department~~

2 (a) Prior to January 1, 2027, ninety percent shall be credited to
3 the Nebraska Litter Reduction and Recycling Fund and ten percent shall be
4 credited to the Recovered Resource Income Tax Credit Fund; and

5 (b) On and after January 1, 2027, one hundred percent shall be
6 credited to the Nebraska Litter Reduction and Recycling Fund.

7 (3) The Department of Environment and Energy shall allocate and
8 distribute funds from the Nebraska Litter Reduction and Recycling Fund in
9 percentage amounts to be determined by the council on an annual basis,
10 after a public hearing on a date to be determined by the council, for the
11 following activities:

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

17 (i) The distribution of informative materials to elementary and
18 secondary schools;

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

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

22 (iv) Grants to state and local government units and agencies and
23 private organizations for developing and conducting antilitter programs;
24 and

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

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

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

31 (ii) Grants for programs aimed at increasing the use of youth and

1 unemployed persons in seasonal and part-time litter pickup programs and
2 to establish work release and other programs to carry out the purposes of
3 the Nebraska Litter Reduction and Recycling Act;

4 (iii) Grants to public and private agencies and persons to conduct
5 surveys of amounts and composition of litter and rates of littering; and

6 (iv) Grants to public and private agencies and persons for research
7 and development in the fields of litter reduction, removal, and disposal,
8 including the evaluation of behavioral science techniques in litter
9 control and the development of new equipment, and to implement such
10 research and development when appropriate; and

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

13 (i) Expansion of existing and creation of new community recycling
14 centers;

15 (ii) Expansion of existing and creation of new source separation
16 programs;

17 (iii) Research and evaluation of markets for the materials and
18 products recovered in source separation and recycling programs; and

19 (iv) Providing advice and assistance on matters relating to
20 recycling and source separation, including information and consultation
21 on available technology, operating procedures, organizational
22 arrangements, markets for materials and products recovered in recycling
23 and source separation, transportation alternatives, and publicity
24 techniques.

25 (4) Funds credited to the Recovered Resource Income Tax Credit Fund
26 pursuant to subdivision (2)(a) of this section shall be considered as
27 being used for the purposes specified in subdivision (3)(c) of this
28 section.

29 Sec. 15. Section 81-1565, Reissue Revised Statutes of Nebraska, is
30 amended to read:

31 81-1565 The department shall adopt guidelines for the determination

1 of eligibility of public and private agencies and persons to receive
2 funds pursuant to the Nebraska Litter Reduction and Recycling Act and the
3 determination of qualification and suitability of plans submitted by such
4 agencies and persons consistent with the purposes of the act. A taxpayer
5 who has applied for a tax credit under the Remanufacturing Pilot Project
6 Act shall be ineligible to receive funds pursuant to the Nebraska Litter
7 Reduction and Recycling Act for the year for which the tax credit
8 application is approved.

9 Sec. 16. Section 81-1566, Revised Statutes Cumulative Supplement,
10 2020, is amended to read:

11 81-1566 The Nebraska Litter Reduction and Recycling Act shall
12 terminate on September 30, 2030 ~~2025~~, unless extended by the Legislature.
13 In order to determine whether such extension shall occur, the department
14 shall review and evaluate the extent to which the purposes of the act
15 have been and are being achieved and the need for continuation of the
16 program and requirements established by the act. Such review and
17 evaluation shall be completed at least six months prior to the date
18 established by this section for termination of the act.

19 Sec. 17. Section 81-15,161, Reissue Revised Statutes of Nebraska, is
20 amended to read:

21 81-15,161 (1) Allocations from the Waste Reduction and Recycling
22 Incentive Fund may be made as grants to a political subdivision or other
23 entity or organization, public, private, or nonprofit, when it is found
24 that the proposed program, project, or study appears to benefit the
25 general public, to further the goals of waste reduction and recycling,
26 and to be consistent with proper waste management practices. Each
27 application for a grant under the Waste Reduction and Recycling Incentive
28 Act shall be filed with the department in a manner and form prescribed by
29 the department.

30 (2) The council shall adopt guidelines for the determination of
31 eligibility of public, private, and nonprofit entities, organizations, or

1 persons to receive funds pursuant to the act and for the determination of
2 qualification and suitability of plans submitted by such entities,
3 organizations, and persons consistent with the act. A taxpayer who has
4 applied for a tax credit under the Remanufacturing Pilot Project Act
5 shall be ineligible to receive funds pursuant to the Waste Reduction and
6 Recycling Incentive Act for the year for which the tax credit application
7 is approved.

8 (3) An application for a grant shall: (a) Describe the nature and
9 purpose of the proposed program, project, or study; (b) set forth or be
10 accompanied by a plan for development of the proposed program, project,
11 or study, together with engineering, economic, and financial feasibility
12 data and information and such estimated costs of construction or
13 implementation as may be required by the department; (c) state whether
14 money other than that for which the application is made will be used to
15 help in meeting program, project, or study costs and whether such money
16 is available or has been sought for this purpose; (d) when appropriate,
17 state that the applicant holds or can acquire title to all lands or has
18 the necessary easements and rights-of-way for the project and related
19 lands; (e) show that the applicant possesses all necessary authority to
20 undertake or participate in the proposed program, project, or study; and
21 (f) demonstrate the probable environmental and ecological consequences
22 that may result from the proposed program or project. Upon receipt of an
23 application the director shall evaluate and investigate all aspects of
24 the proposed program, project, or study and the proposed schedule for the
25 development and completion of such program, project, or study and
26 determine the eligibility of the program, project, or study for funding.
27 As a part of his or her investigation, the director shall consider
28 whether the plan for development of the program, project, or study is
29 satisfactory. If the director determines that the plan is unsatisfactory
30 or that the application does not contain adequate information upon which
31 to make determinations, the director shall return the application to the

1 applicant and may make recommendations to the applicant which the
2 director considers necessary to make the plan or the application
3 satisfactory.

4 (4) The director shall within a reasonable time, not to exceed six
5 months, after receipt of such application approve or reject grant funding
6 for the program, project, or study. The grant shall be for a specific
7 dollar amount of funds, and the funds shall be used only for the purpose
8 specified in the grant. The director may set any terms for the
9 administration of the funds as he or she deems necessary and any
10 penalties to be imposed upon the recipient if it fails to comply with any
11 requirements of the grant.

12 (5) It is the intent of the Legislature that allocations from the
13 Waste Reduction and Recycling Incentive Fund shall be made in an
14 equitable manner which maximizes the benefits of the fund. When awarding
15 grants, the director shall balance the needs of: (a) All geographic areas
16 of the state; (b) all sizes and classes of communities; and (c) all
17 manner and scale of programs, projects, and studies. The director shall
18 also give consideration to eligible programs, projects, and studies which
19 would specifically employ disabled or handicapped persons.

20 (6) The director may deny any application which he or she determines
21 (a) is not in conformance with this section, (b) does not reflect
22 reasonable costs for the type of project proposed, (c) contains
23 inaccurate, incomplete, or misleading information in the application, or
24 (d) would require the expenditure of funds beyond the fund's unobligated
25 balance or for any other reason which the director determines is
26 necessary to properly administer this section.

27 (7) All disbursements made under this section shall be formalized by
28 a written agreement between the department and all recipients of the
29 disbursement. The agreement may include, but need not be limited to, the
30 following conditions designed to protect the fund and ensure completion
31 of the project: (a) Mechanics of funding disbursement; (b) any bidding

1 requirements; (c) completion timelines for any deliverables; (d) record-
2 keeping and reporting requirements; (e) security interest and insurance
3 requirements on equipment; (f) forfeiture and repayment of funds; and (g)
4 other conditions necessary or desirable to carry out this section.

5 (8) The council shall adopt and promulgate rules and regulations to
6 carry out the Waste Reduction and Recycling Incentive Act.

7 Sec. 18. Section 81-15,162, Reissue Revised Statutes of Nebraska, is
8 amended to read:

9 81-15,162 (1) There is hereby imposed a fee of one dollar on each
10 tire of every new motor vehicle, trailer, or semitrailer sold at retail
11 in this state. Such fee shall be collected by the county treasurer at the
12 time of registration of the motor vehicle, trailer, or semitrailer and
13 remitted to the Department of Revenue.

14 (2) There is hereby imposed a fee of one dollar on every tire sold
15 at retail in this state, including every farm tractor tire, which tires
16 are not on a motor vehicle, trailer, or semitrailer pursuant to
17 subsection (1) of this section. Such fee shall be collected from the
18 purchaser by the tire retailer at the time of purchase and shall be
19 remitted to the Department of Revenue.

20 (3) For purposes of this section, tire shall have the definition
21 found in section 81-15,159.02 and shall include a pneumatic and solid
22 tire but shall not include a recapped or regrooved tire.

23 (4) Subject to section 81-15,165, the fees remitted to the
24 Department of Revenue under this section shall be remitted to the State
25 Treasurer for credit as follows:

26 (a) Prior to January 1, 2027, ninety percent shall be credited to
27 the Waste Reduction and Recycling Incentive Fund and ten percent shall be
28 credited to the Recovered Resource Income Tax Credit Fund; and

29 (b) On and after January 1, 2027, one hundred percent shall be
30 credited to the Waste Reduction and Recycling Incentive Fund.

31 (5) Fees credited to the Waste Reduction and Recycling Incentive

1 Fund under this section ~~collected~~ in excess of one million five hundred
2 thousand dollars shall be available for grants to political subdivisions
3 under rules and regulations adopted pursuant to subdivision (6)(b)(i) of
4 section 13-2042.

5 Sec. 19. Section 81-15,163, Reissue Revised Statutes of Nebraska, is
6 amended to read:

7 81-15,163 (1) There is hereby imposed an annual waste reduction and
8 recycling fee of twenty-five dollars on all businesses engaged in
9 business in this state with retail sales of tangible personal property of
10 fifty thousand dollars or more, which sales are subject to the tax
11 imposed by the Nebraska Revenue Act of 1967. For all fee periods
12 beginning on or after July 1, 1999, the twenty-five-dollar fee shall be
13 paid for each business location of such business in this state if the
14 retail sales of tangible personal property for the location are fifty
15 thousand dollars or more.

16 (2) Subject to section 81-15,165, the fee shall be collected by the
17 Department of Revenue and remitted to the State Treasurer for credit as
18 follows:

19 (a) Prior to January 1, 2027, ninety percent shall be credited to
20 the Waste Reduction and Recycling Incentive Fund and ten percent shall be
21 credited to the Recovered Resource Income Tax Credit Fund; and

22 (b) On and after January 1, 2027, one hundred percent shall be
23 credited to the Waste Reduction and Recycling Incentive Fund.

24 Sec. 20. Original sections 81-1565, 81-15,161, 81-15,162, and
25 81-15,163, Reissue Revised Statutes of Nebraska, sections 77-2717,
26 77-2734.03, 81-1558, 81-1561, and 81-1566, Revised Statutes Cumulative
27 Supplement, 2020, and section 77-2715.07, Revised Statutes Supplement,
28 2021, are repealed.