

AMENDMENTS TO LB723

Introduced by Blood, 3.

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

3 Section 1. Sections 1 to 5 of this act shall be known and may be
4 cited as the Property Tax Reduction Act.

5 Sec. 2. The purpose of the Property Tax Reduction Act is to provide
6 property tax relief for property taxes levied against real property by
7 school districts. The property tax relief will be made to eligible
8 taxpayers in the form of a property tax credit.

9 Sec. 3. For purposes of the Property Tax Reduction Act:

10 (1) Allowable growth percentage means the percentage increase, if
11 any, in the total assessed value of all real property in the state from
12 the prior year to the current year, as determined by the department,
13 except that in no case shall the allowable growth percentage exceed five
14 percent in any one year;

15 (2) Department means the Department of Revenue;

16 (3) Eligible taxpayer means any individual, corporation,
17 partnership, limited liability company, trust, estate, or other entity
18 that pays school district taxes; and

19 (4) School district taxes means property taxes levied on real
20 property in this state by a school district or multiple-district school
21 system, excluding any property taxes levied for bonded indebtedness and
22 any property taxes levied as a result of an override of limits on
23 property tax levies approved by voters pursuant to section 77-3444.

24 Sec. 4. The Property Tax Reduction Cash Fund is created. The fund
25 shall only be used pursuant to the Property Tax Reduction Act. Any money
26 in the fund available for investment shall be invested by the state
27 investment officer pursuant to the Nebraska Capital Expansion Act and the

1 Nebraska State Funds Investment Act.

2 Sec. 5. (1) Beginning with tax year 2022, each eligible taxpayer
3 shall receive a credit against the school district taxes levied on the
4 eligible taxpayer's property. The credit shall be equal to the credit
5 percentage for the year, as set by the department under subsection (2) of
6 this section, multiplied by the amount of school district taxes levied
7 against the eligible taxpayer's property for such year. The credit shall
8 be in the form of a property tax credit which appears on the property tax
9 statement.

10 (2)(a) For tax year 2022, the department shall set the credit
11 percentage so that the total amount of credits for such year shall be
12 five hundred forty-eight million dollars;

13 (b) For tax year 2023, the department shall set the credit
14 percentage so that the total amount of credits for such year shall be
15 five hundred forty-eight million dollars;

16 (c) For tax year 2024, the department shall set the credit
17 percentage so that the total amount of credits for such year shall be
18 three hundred seventy-five million dollars.

19 (d) For tax year 2025 and each tax year thereafter, the department
20 shall set the credit percentage so that the total amount of credits for
21 such year shall be the maximum amount of credits allowed in the prior
22 year increased by the allowable growth percentage.

23 (3) The State of Nebraska shall reimburse school districts for the
24 property tax revenue lost as a result of the credit granted in this
25 section. The amount disbursed to each school district shall be equal to
26 the total amount of credits for the year as determined under subsection
27 (2) of this section multiplied by the ratio of the total school district
28 taxes levied by the school district to the total school district taxes
29 levied in the state. By September 15, the Property Tax Administrator
30 shall determine the amount to be disbursed under this subsection to each
31 school district and certify such amounts to the State Treasurer and to

1 each school district. The disbursements to the school districts shall
2 occur in two equal payments, the first on or before January 31 and the
3 second on or before April 1.

4 (4) If the eligible taxpayer qualifies for a homestead exemption
5 under sections 77-3501 to 77-3529, the eligible taxpayer shall also be
6 qualified for the credit provided in the Property Tax Reduction Act to
7 the extent of any remaining liability after calculation of the relief
8 provided by the homestead exemption. If the credit results in a property
9 tax liability on the homestead that is less than zero, the amount of the
10 credit which cannot be used by the eligible taxpayer shall be returned by
11 the school district to the Property Tax Administrator by July 1 of the
12 year the amount disbursed to the school district was disbursed. The
13 Property Tax Administrator shall immediately credit any funds returned
14 under this subsection to the Property Tax Reduction Cash Fund. Upon the
15 return of any funds under this subsection, the school district shall
16 electronically file a report with the Property Tax Administrator, on a
17 form prescribed by the Tax Commissioner, indicating the amount of unused
18 credits returned.

19 Sec. 6. Section 77-6702, Revised Statutes Cumulative Supplement,
20 2020, is amended to read:

21 77-6702 For purposes of the Nebraska Property Tax Incentive Act:

22 ~~(1) Allowable growth percentage means the percentage increase, if~~
23 ~~any, in the total assessed value of all real property in the state from~~
24 ~~the prior year to the current year, as determined by the department,~~
25 ~~except that in no case shall the allowable growth percentage exceed five~~
26 ~~percent in any one year;~~

27 ~~(1) (2) Department means the Department of Revenue;~~

28 ~~(2) (3) Eligible taxpayer means any individual, corporation,~~
29 ~~partnership, limited liability company, trust, estate, or other entity~~
30 ~~that pays school district taxes during a taxable year; and~~

31 ~~(3) (4) School district taxes means property taxes levied on real~~

1 property in this state by a school district or multiple-district school
2 system, excluding any property taxes levied for bonded indebtedness and
3 any property taxes levied as a result of an override of limits on
4 property tax levies approved by voters pursuant to section 77-3444.

5 Sec. 7. Section 77-6703, Revised Statutes Supplement, 2021, is
6 amended to read:

7 77-6703 (1) For taxable years beginning or deemed to begin on or
8 after January 1, 2020, and before January 1, 2022, under the Internal
9 Revenue Code of 1986, as amended, there shall be allowed to each eligible
10 taxpayer a refundable credit against the income tax imposed by the
11 Nebraska Revenue Act of 1967 or against the franchise tax imposed by
12 sections 77-3801 to 77-3807. The credit shall be equal to the credit
13 percentage for the taxable year, as set by the department under
14 subsection (2) of this section, multiplied by the amount of school
15 district taxes paid by the eligible taxpayer during such taxable year.

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

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

27 ~~(c) For taxable years beginning or deemed to begin during calendar~~
28 ~~year 2022, the department shall set the credit percentage so that the~~
29 ~~total amount of credits for such taxable years shall be the maximum~~
30 ~~amount of credits allowed under subdivision (2)(b) of this section plus~~
31 ~~either (i) the amount calculated for such calendar year under subdivision~~

1 ~~(3)(b)(ii)(B) of section 77-4602 or (ii) the amount calculated for such~~
2 ~~calendar year under subdivision (3)(c)(ii)(B) of section 77-4602,~~
3 ~~whichever is applicable;~~

4 ~~(d) For taxable years beginning or deemed to begin during calendar~~
5 ~~year 2023, the department shall set the credit percentage so that the~~
6 ~~total amount of credits for such taxable years shall be the maximum~~
7 ~~amount of credits allowed under subdivision (2)(c) of this section plus~~
8 ~~either (i) the amount calculated for such calendar year under subdivision~~
9 ~~(3)(b)(ii)(B) of section 77-4602 or (ii) the amount calculated for such~~
10 ~~calendar year under subdivision (3)(c)(ii)(B) of section 77-4602,~~
11 ~~whichever is applicable;~~

12 ~~(e) For taxable years beginning or deemed to begin during calendar~~
13 ~~year 2024, the department shall set the credit percentage so that the~~
14 ~~total amount of credits for such taxable years shall be three hundred~~
15 ~~seventy-five million dollars; and~~

16 ~~(f) For taxable years beginning or deemed to begin during calendar~~
17 ~~year 2025 and each calendar year thereafter, the department shall set the~~
18 ~~credit percentage so that the total amount of credits for such taxable~~
19 ~~years shall be the maximum amount of credits allowed in the prior year~~
20 ~~increased by the allowable growth percentage.~~

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

1 before January 1, 2022, under the Internal Revenue Code of 1986, as
2 amended, the refundable credit shall be claimed by the corporation having
3 an election in effect under subchapter S of the Internal Revenue Code,
4 the partnership, the limited liability company, the trust, or the estate
5 that paid the school district taxes.

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

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

22 Sec. 8. Section 81-12,193, Revised Statutes Cumulative Supplement,
23 2020, is amended to read:

24 81-12,193 (1) The Nebraska Transformational Project Fund is hereby
25 created. The fund shall receive money from application fees paid under
26 the Nebraska Transformational Projects Act and from appropriations from
27 the Legislature, grants, private contributions, repayments of matching
28 funds, and all other sources. Any money in the fund available for
29 investment shall be invested by the state investment officer pursuant to
30 the Nebraska Capital Expansion Act and the Nebraska State Funds
31 Investment Act.

1 (2) It is the intent of the Legislature that the State Treasurer
2 shall transfer an amount not to exceed three hundred million dollars to
3 the Nebraska Transformational Project Fund. Such transfers shall only
4 occur after the applicant has been selected for participation in the
5 program described in Title VII, Subtitle C, section 740 of Public Law
6 116-92 and commitments totaling one billion three hundred million dollars
7 in total investment, including only federal dollars and private
8 donations, have been secured. In no case shall any transfer occur before
9 fiscal year 2025-26 or before the total amount of property tax refundable
10 credits granted annually under the ~~Nebraska~~ Property Tax Reduction
11 ~~Incentive~~ Act reaches three hundred seventy-five million dollars.
12 Distributions shall only be made from the fund in amounts equal to the
13 amount of private dollars received by the applicant for the project.

14 (3) Any money remaining in the fund after all obligations have been
15 met shall be transferred to the General Fund.

16 Sec. 9. Section 84-612, Revised Statutes Supplement, 2021, is
17 amended to read:

18 84-612 (1) There is hereby created within the state treasury a fund
19 known as the Cash Reserve Fund which shall be under the direction of the
20 State Treasurer. The fund shall only be used pursuant to this section.

21 (2) The State Treasurer shall transfer funds from the Cash Reserve
22 Fund to the General Fund upon certification by the Director of
23 Administrative Services that the current cash balance in the General Fund
24 is inadequate to meet current obligations. Such certification shall
25 include the dollar amount to be transferred. Any transfers made pursuant
26 to this subsection shall be reversed upon notification by the Director of
27 Administrative Services that sufficient funds are available.

28 (3) In addition to receiving transfers from other funds, the Cash
29 Reserve Fund shall receive federal funds received by the State of
30 Nebraska for undesignated general government purposes, federal revenue
31 sharing, or general fiscal relief of the state.

1 (4) The State Treasurer shall transfer fifty-four million seven
2 hundred thousand dollars on or after July 1, 2019, but before June 15,
3 2021, from the Cash Reserve Fund to the Nebraska Capital Construction
4 Fund on such dates and in such amounts as directed by the budget
5 administrator of the budget division of the Department of Administrative
6 Services.

7 (5) The State Treasurer shall transfer thirty million dollars from
8 the Cash Reserve Fund to the General Fund after November 15, 2020, but
9 before December 31, 2020, on such date as directed by the budget
10 administrator of the budget division of the Department of Administrative
11 Services. Except for the transfer authorized in this subsection, no funds
12 shall be transferred from the Cash Reserve Fund to fulfill the
13 obligations created under the Nebraska Property Tax Incentive Act or the
14 Property Tax Reduction Act unless the balance in the Cash Reserve Fund
15 after such transfer will be at least equal to five hundred million
16 dollars.

17 (6) The State Treasurer shall transfer fifty million dollars from
18 the Cash Reserve Fund to the United States Space Command Headquarters
19 Assistance Fund on or before June 30, 2023, but not before July 1, 2022,
20 on such dates and in such amounts as directed by the budget administrator
21 of the budget division of the Department of Administrative Services. The
22 transfer in this subsection shall not occur unless the State of Nebraska
23 is selected as the site of the United States Space Command headquarters.

24 Sec. 10. Original sections 77-6702 and 81-12,193, Revised Statutes
25 Cumulative Supplement, 2020, and sections 77-6703 and 84-612, Revised
26 Statutes Supplement, 2021, are repealed.

27 Sec. 11. Since an emergency exists, this act takes effect when
28 passed and approved according to law.